



MAJESTIC

AUTO LIMITED

A HERO GROUP COMPANY

ANNUAL REPORT

2008-2009

MAJESTIC AUTO LIMITED

BOARD OF DIRECTORS

O. P. Munjal	Chairman
G. P. Sood	Non Executive & Independent Director
Dr. D.R. Singh	Non Executive & Independent Director
Dr. M.A. Zahir	Non Executive & Independent Director
Harjeet Singh Arora	Non Executive & Independent Director
Vijay Munjal	Non Executive Director
Suman Kant Munjal	Non Executive Director
Mahesh Chander Munjal	Managing Director

AUDIT COMMITTEE

G. P. Sood	Chairman
Dr. D. R. Singh	Member
Suman Kant Munjal	Member

REMUNERATION COMMITTEE

G. P. Sood	Chairman
Dr. D. R. Singh	Member
Suman Kant Munjal	Member

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

Dr. D. R. Singh	Chairman
Suman Kant Munjal	Member
Mahesh Chander Munjal	Member

ASSOCIATE VICE PRESIDENT (FINANCE) - CUM - COMPANY SECRETARY

Rajesh Kumar Dang

STATUTORY AUDITORS

M/s. B. D. Bansal & Co.
Chartered Accountants,
Amritsar.

BANKERS

Canara Bank
Punjab National Bank
IDBI Bank Ltd.
State Bank of Patiala

REGISTERED OFFICE

C-48, Focal Point,
Ludhiana - 141 010

WORKS

C-48, Focal Point,
Ludhiana - 141 010

C-59, Focal Point,
Ludhiana - 141 010

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MAJESTIC AUTO LIMITED

NOTICE

Notice is hereby given that the 36th Annual General Meeting of the members of Majestic Auto Limited will be held on Tuesday, the 22nd September, 2009 at 12.30 p.m. at the premises of Hero Cycles Limited, Hero Nagar, G.T. Road, Ludhiana-141003 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2009 and the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Sh. O.P. Munjal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Dr. D.R. Singh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Vijay Munjal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

6. TO CONSIDER, AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION (S), THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:

"RESOLVED that Dr. M.A. Zahir, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting and for the appointment of whom the Company has received a notice under Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company liable to retirement by rotation."

7. TO CONSIDER, AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION (S), THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:

"RESOLVED that S. Harjeet Singh Arora, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting and for the appointment of whom the Company has received a notice under Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company liable to retirement by rotation."

8. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION (S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (the Act) and subject to such approvals as may be necessary under the provisions of the Act, consent of the Company be and is hereby accorded to the re-appointment of Sh. Mahesh Chander Munjal as Managing Director of the Company for a period of 3 years w.e.f. 29.10.2009 on the terms and conditions including remuneration as set out in draft agreement to be entered with him, as placed before the meeting, extract of which is set out in Explanatory Statement attached to the Notice convening this meeting, which agreement is hereby sanctioned and approved with liberty to the Board of Directors of the Company to alter or vary the terms and conditions of the said re-appointment and / or agreement including remuneration payable to the Managing Director in such manner as may be agreed to between the Board of Directors and Sh. Mahesh Chander Munjal provided that alteration / variation shall be within the limits specified in Schedule XIII to the Act, including any modification, amendment or re-enactment thereof".

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year during the term of the Managing Director, the remuneration by way of salary and perquisites as specified in said draft agreement is payable to the Managing Director."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to agree to any amendment to the said agreement and are empowered to make such improvements in the terms of remuneration of Sh. Mahesh Chander Munjal, from time to time, as may at its discretion deem fit, so as not to exceed the limits specified in Schedule XIII to the Act including any amendment thereto or any re-enactment thereof, the intention being that no further approvals of the members of the Company will be required, so long as the remuneration of the

MAJESTIC AUTO LIMITED

Managing Director to be fixed by the Board of Directors, from time to time, during his term, is not in excess of maximum permissible limits under the relevant laws, rules, regulations, guidelines or notifications as may be promulgated or issued after the date of this meeting."

**By Order of the Board of Directors
For Majestic Auto Limited**

Place : Ludhiana

Date : 25.07.2009

(Rajesh Kumar Dang)

Company Secretary

Regd. Office : Majestic Auto Limited, C-48, Focal Point, Ludhiana.

NOTES

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A BLANK PROXY FORM IS ENCLOSED.**
- The Register of Members and the Shares Transfer Books of the Company will remain closed from Thursday, 17.09.2009 to Tuesday, 22.09.2009 (both days inclusive).
- The relevant details of Item Nos. 2 to 4 and 6 to 8 pursuant to Clause 49 of the Listing Agreement are annexed hereto.
- All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company during office hours upto the date of the Annual General Meeting.
- Members are requested to bring their copy of the Annual Report alongwith them to the Annual General Meeting.
- Members / Proxies should bring the Attendance slip sent herewith duly filled in for attending the Annual General Meeting.
- Pursuant to the provisions of Section 205A of the Companies Act, 1956, the amount of dividend which remains unclaimed for a period of 7 years from the date of declaration would be transferred to the Investors Education and Protection Fund, constituted by the Central Government and the shareholders would not be able to claim any amount of dividend so transferred to the fund. As such, shareholders who have not yet encashed their dividend warrants are requested in their own interest to write to the Company immediately for claiming outstanding dividend declared by the Company for the financial period 2004-2005.
- Pursuant to the provisions of Section 109A of the Companies Act, 1956, every shareholder or joint holders may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. Members holding shares in electronic form may contact their respective Depository Participant for availing this facility.
- Members are requested to notify the Company of any change in their addresses so as to enable the Company to address future communication to their correct addresses.
- The Company has designated an exclusive e-mail ID namely, **grievance@heromajestic.com** for receiving and addressing investors' grievances.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM NO.6 OF THE SPECIAL BUSINESS:

The Board of Directors of the Company in its meeting held on 27.01.2009 appointed Dr. M.A. Zahir as an Additional Director of the Company pursuant to the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956, read with Article 131 of the Articles of Association of the Company, Dr. M.A. Zahir will hold office of Additional Director upto the ensuing Annual General Meeting. The Company has received a notice from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Dr. M.A. Zahir as a Director of the Company.

Accordingly, your approval is solicited for his appointment as a Director liable to retire by rotation.

Memorandum of Interest:

None of the Directors except Dr. M.A. Zahir, the appointee himself, is concerned or interested in this resolution.

ITEM NO.7 OF THE SPECIAL BUSINESS:

The Board of Directors of the Company in its meeting held on 27.01.2009 appointed S. Harjeet Singh Arora as an Additional Director of the Company pursuant to the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956, read with Article 131 of the Articles of Association of the Company, S. Harjeet Singh Arora will hold office of Additional Director upto the ensuing Annual General Meeting. The Company has received a notice from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of S. Harjeet Singh Arora as a Director of the Company.

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Accordingly, your approval is solicited for his appointment as a Director liable to retire by rotation.

Memorandum of Interest:

None of the Directors except S. Harjeet Singh Arora, the appointee himself, is concerned or interested in this resolution.

ITEM NO.8 OF THE SPECIAL BUSINESS:

The Board of Directors of the Company in its meeting held on 25.07.2009, has re-appointed Sh. Mahesh Chander Munjal as Managing Director of the Company subject to the approval of shareholders for a period of 3 years w.e.f. 29.10.2009 to 28.10.2012 at the remuneration in accordance with the norms laid down in Schedule XIII and all other applicable provisions of the Companies Act, 1956 as reproduced herein below:-

1. **Basic Salary :**
Salary @ Rs.2,50,000/- per month in the scale of 2,50,000 – 25,000 – 3,25,000/- per month .
2. **Bonus :**
As per Company Rules.
3. **Commission :**
Commission shall be decided by the Board of Directors based on net profit of the Company each year and the same shall not exceed 1% of net profits of the Company subject to the condition that the aggregate remuneration to the Managing Director, shall not exceed the limits laid down under Section 198, 309 and Schedule XIII to the Companies Act, 1956.
4. **Perquisites and allowances :**
In addition to the above Basic Salary, Bonus and Commission, he shall be entitled to the following perquisites and allowances:-
 - i) **Residential Accommodation :** The appointee shall be provided rent free furnished residential accommodation with free use of all the facilities and amenities provided by the Company ;
 - ii) **Medical Reimbursement :** Reimbursement of actual Medical Expenses incurred by the appointee and his family ;
 - iii) **Club Fees :** Actual fees of clubs subject to maximum of two clubs will be reimbursed ;
 - iv) **Personal Accident Insurance :** Actual premium to be paid by the Company ;
 - v) **Insurance of House-hold goods :** Actual premium to be paid by the Company ;
 - vi) **Car :** Facility of Car with driver to be used for the business of the Company ;
 - vii) **Telephone :** Free telephone facility including Mobile Phone at residence to be used for the business of the Company ;
 - viii) **Reimbursement of expenses:** Reimbursement of entertainment, travelling, hotel and other expenses actually and properly incurred for the business of the Company ;
 - ix) **Life Insurance:** Actual premium on the lives of the appointee, his wife and children to be paid by the Company.
 - x) **Contribution to Provident Fund, Superannuation fund or Annuity Fund :**
Company's contribution to Provident, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - xi) **Gratuity:** Not exceeding half month's salary for each completed year of service.
 - xii) Encashment of leave at the end of the tenure.
5. **Leave Travel Concession:**
For the appointee and his family once in a year incurred in accordance with the rules specified by the Company.
6. **Minimum Remuneration:** If in any financial year during the tenure of the appointee, the Company has no profits or its profits are inadequate, the appointee shall be entitled to remuneration by way of salary, perquisites, allowances, specified above as minimum remuneration subject to the ceilings as prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956 as minimum remuneration or such other limits as may be prescribed by the Government from time to time as minimum remuneration.
For the purpose of computation of minimum remuneration, the following shall not be included:-
 - i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent of these either singly or put together are not taxable under the Income Tax Act, 1961.
 - ii) Gratuity at the rate not exceeding half a month's salary for each completed year of service, and
 - iii) Encashment of leave at the end of his tenure.
7. **Sitting Fees :**
The Managing Director shall not be paid any sitting fees for attending the meetings of the Board or Committee thereof.

The document referred to in the proposed resolution is available for inspection at the Registered Office of the Company during working hours between 9.30 a.m. to 6.00 p.m. except on holidays.

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The aforesaid terms and conditions may be treated as an abstract of the terms of the contract and memorandum of the nature of the concern or interest of Directors pursuant to Section 302 of the Companies Act, 1956.

The Board of Directors of your Company recommends passing of the Special Resolution as contained under Item No.8 above.

Memorandum of Interest:

None of the Directors except S/ Shri O.P.Munjhal, Vijay Munjal and Suman Kant Munjal the Directors of the Company being the relatives of the appointee and the appointee himself are concerned or interested in passing of this resolution.

STATEMENT CONTAINING THE INFORMATION REQUIRED TO BE GIVEN TO THE SHAREHOLDERS OF THE COMPANY PURSUANT TO CLAUSE (B) OF PARAGRAPH 1 OF SECTION II OF PART II OF SCHEDULE XIII TO THE COMPANIES ACT, 1956:

I. General Information :

- | | | | |
|--|---|---|--|
| 1) Nature of Industry | : | The Company is engaged in the manufacturing of Mufflers, Fine Blanking Components, Electricals, Spokes, and Two Wheelers Spare Parts. | |
| 2) Date of commencement of commercial production | : | 21.05.1973 | |
| 3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | : | N.A. | |
| 4) Financial performance based on given indicators | | | |

	<u>2008-2009</u>	<u>2007-2008</u>
	(Rs. In Crores)	(Rs. In Crores)
Sales(Net)	Rs. 114.87	Rs.110.33
Net Profit	Rs. 4.57	Rs. 1.71

- | | | | |
|---|---------------|------------------|------------------|
| 5) Export performance and net foreign exchange collaborations | : | | |
| | | <u>2008-2009</u> | <u>2007-2008</u> |
| | | (Rs. In Crores) | (Rs. In Crores) |
| a) Export | Rs. 4.29 Lacs | Rs. 536.32 Lacs | |
| b) Collaboration | None | None | |

- | | | |
|---|---|------|
| 6) Foreign investments or collaborators, if any | : | None |
|---|---|------|

II. Information about the appointee :

- | | | |
|-----------------------|---|---|
| 1) Background details | : | Sh. Mahesh Chander Munjal was appointed as a Director of the Company w.e.f. 29.6.1993 and was appointed as an Executive Director of the Company w.e.f. 29.10.1993 and re-designated as Managing Director of the Company w.e.f. 29.7.1999. Before joining as a Director of the Company, Sh. Mahesh Chander Munjal was Executive Director of Munjal Auto Industries Limited formerly known as Gujarat Cycles Limited. He is a Graduate Engineer and M.B.A. He is a member of various trade and management bodies. |
|-----------------------|---|---|

- | | | |
|--------------------------|---|--|
| 2) Past remuneration | : | Rs.38,49,840/- (Accounting Year 2008-2009) |
| 3) Recognition or awards | : | None |

- | | | |
|------------------------------------|---|--|
| 4) Job profile and his suitability | : | |
|------------------------------------|---|--|

Job Profile :

Sh. Mahesh Chander Munjal is having rich experience of 30 years of running Auto Parts Industries as below and shall be responsible for the overall affairs of the Company:

- He has worked as Assistant Works Director, Chief Executive (Works) during the period from 1979 to 1986 in Hero Cycles Limited, Ludhiana.
- He has worked as Executive Director in Munjal Auto Industries Limited formerly known as Gujarat Cycles Limited during the period from 1986 to 1993.
- He is working as Executive Director/ Managing Director of the Company since 1993.

Suitability :

Your Board considers that the re-appointment of Sh. Mahesh Chander Munjal having such wide experience will be in the best interests of the Company and therefore, recommends passing of the Special Resolution as stated above.

- | | | |
|---|---|--|
| 5) Remuneration proposed | : | As per Resolution. |
| 6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) | : | Keeping in view the type of the industry, size of the Company, the responsibilities and capabilities of Sh. Mahesh Chander Munjal the proposed remuneration is competitive with remuneration paid by other Companies to such similar positions. |
| 7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. | : | Except remuneration as mentioned above, he has no other pecuniary relationship directly or indirectly with the Company.
He is son of, elder brother of Sh. O.P. Munjal, the Chairman of the Company and cousin brother of Sh. Vijay Munjal and Sh. Suman Kant Munjal, the Directors of the Company. |

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III. Other Information :

- | | | |
|---|---|--|
| 1) Reasons of loss or inadequate profits | : | Not Applicable |
| 2) Steps taken or proposed to be taken for improvement. | : | The Company is actively exploring new business opportunities in terms of product diversification. |
| 3) Expected increase in productivity and profits in measurable terms. | : | It is expected that the productivity and profitability will improve in the year 2009-2010 in comparison to the year 2008-2009. |

By Order of the Board of Directors
For Majestic Auto Limited

Place : Ludhiana
Date : 25.07.2009

(Rajesh Kumar Dang)
Company Secretary

RELEVANT INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT REGARDING DIRECTORS BEING APPOINTED/ RE-APPOINTED:

Mr. O. P. Munjal

Sh. O.P. Munjal son of Late Sh. Bahadur Chand Munjal is the founder Director of the Company. He was born on 5.08.1928. He is the Chairman and Managing Director of Hero Cycles Limited, the largest producer of the bicycles in the world. He carries with him enriched experience and due to his rare administrative and entrepreneurial skills, Hero Cycles Limited has found its position in the Guinness Book of Records. In the year 1990, he was awarded the Indira Gandhi National Unity Award by the President of India. He has been regular in making valuable contributions in the Board Meetings.

Apart from Majestic Auto limited, he is also on the Board of following Companies:

Hero Cycles Limited Chairman cum Managing Director	Hero Honda Motors Ltd. Director	HeroHonda Finlease Ltd. Director
Roma Cycles Mfg. Co. Pvt. Ltd. Director	Munjal Bros. (Pvt.) Ltd. Director	Hero Motors Limited Chairman
Highway Industries Limited Director	Hero Financial Services Limited Chairman	Hero Global Design Ltd. Director
Easy Bills Limited Director	Shivam Autotech Ltd. Director	Munjal Auto Industries Ltd. Director
Munjal Kiriu Industries Pvt. Ltd. Chairman		

He is neither a member nor Chairman of any of the Committee (s). He is holding 1471 equity shares and his wife holds 29629 equity shares in the Company.

Sh. O.P. Munjal brother's sons are, Mr. M.C. Munjal, the Managing Director of the Company & Mr. Suman Kant Munjal and Mr. Vijay Munjal the Directors of the Company.

Dr. D.R. Singh

Dr. D. R. Singh joined the Company on 25.9.1986. He has been regularly making useful contribution in the meetings of the Board of Directors and Committee thereof. His qualification is M.Com, Ph.D., Ph.D. (U.S.A.). He possesses experience of more than 45 years in the field of Academic, Editing, Finance, Taxation and Accounts. He is former Dean of College of Basic Science and Humanities, Punjab Agricultural University, Ludhiana and former Director of Punjab Institute of Management and Technology, Mandi Gobindgarh and of J.D.Institute of Management and Technology, Mukatsar and of Lala Lajpat Rai Memorial Institute of Management and Technology, Dodeka (Moga). He is founder President of Ludhiana Management Association. Presently, he is Director General of GNA-Institute of Management Technology, Phagwara.

At present he is holding the membership of the Board/Committee(s) of the following Companies :

Majestic Auto Limited Director	Jain Uday Industries Limited Director	Hero Cycles Limited Director
Chairman – Shareholders / Investors Grievance Committee	VMT Spinning Limited Director	Chairman- Audit Committee
Member – Audit Committee		Highway Industries Limited Director
Member – Remuneration Committee		

Dr. D. R. Singh is holding 143 equity shares of the Company (in his own name or on behalf of other person on a beneficial basis).

Dr. D. R. Singh does not have any relationship with any Director of the Company.

Mr. Vijay Munjal

Mr. Vijay Munjal son of Late Sh. Daya Nand Munjal joined the Company on 15.11.1988 as a Director of the Company. He was born on 17.11.1944. He is graduate. He possesses experience in International Marketing. He is Managing Director (International Marketing) of Hero Cycles Limited. He has been regular in making valuable contributions in Board Meetings.

At present he is holding the membership of the Board/Committee(s) of the following Companies :

Highway Industries Limited Chairman	Munjal Brother Pvt. Ltd. Director	Pragati Tyres Pvt. Ltd. Director
Dayanand Munjal Investment Pvt. Ltd. Director	Hero Exports (P) Ltd. Director	Hero Cycles Ltd. Managing Director
Roma Cycle Mfg.Co. Pvt. Ltd. Director	Munjal Auto Industries Ltd. Director	Member - Audit committee
Bahadurchand Investments Pvt. Ltd. Director	Member - Remuneration committee	Anadi Investments Pvt.Ltd. Director
Satyam Auto Components Ltd. Director	Member – Share Transfer Committee	Providence Buildtech Pvt. Ltd. Director
Rockman Industries Limited Director	Shivam Autotech Ltd. Director	
	Majestic Auto Limited Director	

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Mr. Vijay Munjal does not hold any share of the Company (in his own name or on behalf of other person on a beneficial basis).

Mr. Vijay Munjal is the brother's son of Sh. O.P. Munjal, the Chairman of the Company and cousin brother of Mr. Mahesh Chander Munjal, the Managing Director of the Company & Mr. Suman Kant Munjal, the Director of the Company.

Dr. M. A. Zahir

Dr. Mohamad Abdul Zahir joined the Company on 27.01.2009. His qualification is M.Com, Ph.D.. He is Chairman of Syntec Business School, Ludhiana. He is having over forty years of experience in management education, is a well-known academician with practical wisdom and societal concerns. He was nominated by Government of India as Director, on the Board of Allahabad Bank after nationalization of major banks (1970-77). He was President, Ludhiana Management Association (LMA) - Affiliated to All India Management Association (1995-97).

At present he is holding the membership of the Board/Committee(s) of the following Companies :

IOL Chemicals & Pharmaceuticals Limited
Director
Chairman – Audit Committee
Chairman – Share Holder's Grievance Committee
Praneel Innovations Ltd.
Director
Member – Audit Committee
Member – Shareholder's Grievance Committee
Chairman – Remuneration Committee
Sohrab Spinning Limited
Director

Lotus Integrated Texpark Limited
Director
Member – Audit Committee
Member – Remuneration Committee
Majestic Auto Limited
Additional Director
Rockman Industries Limited
Director
Chairman – Audit Committee
Highway Industries Limited
Director

Hero Honda Finlease Limited
Director
Member – Remuneration Committee
Trident Cotton Limited
Director
Hero Cycles Limited
Director
Member- Audit Committee
Ralson (India) Limited
Director
Sunshine Corporation Ltd.
Director

Dr. M. A. Zahir does not hold any share of the Company (in his own name or on behalf of other person on a beneficial basis).

Dr. M. A. Zahir does not have any relationship with any Director of the Company.

Mr. Harjeet Singh Arora

Mr. Harjeet Singh Arora joined the Company on 27.01.2009. His qualification is FCA & FCS. He is having very rich experience in the field of corporate finance & financial services. After holding key positions in the corporate world, he ventured as freelance consultant for financial services in 1985.

At present he is holding the membership of the Board/Committee(s) of the following Companies :

Prime Industries Limited
Director
Member – Audit Committee
Master Insurance Brokers Limited
Director
Master Share & Stock Brokers Limited
Director
Master Infra. & Real Estate Developments Limited
Director

Master Commodity Services Limited
Director
MTL Share & Stock Brokers Limited
Director
Master Projects (Pvt.) Limited
Director
Eminent Buildwell (Pvt.) Limited
Director
Majestic Auto Limited
Additional Director

Master Portfolio Services Ltd.
Director
Arora Financial Services Limited
Director
Master Capital Services Limited
Managing Director
Master Trust Limited
Managing Director

Mr. Harjeet Singh Arora does not hold any share of the Company (in his own name or on behalf of other person on a beneficial basis).

Mr. Harjeet Singh Arora does not have any relationship with any Director of the Company.

Mr. Mahesh Chander Munjal

Mr. Mahesh Chander Munjal joined the Company on 29th June, 1993 and was appointed as an Executive Director of the Company w.e.f. 29.10.1993 and re-designated as Managing Director of the Company w.e.f. 29.07.1999. He carries with him enriched experience of 30 years of running Auto Parts Industries. He is a graduate Engineer and M.B.A. Before joining as a Director of the Company, Mr. Mahesh Chander Munjal was Executive Director of Munjal Auto Industries Limited formerly known as Gujarat Cycles Limited.

At present he is holding the membership of the Board/Committee(s) of the following Companies :

Majestic Auto Limited
Managing Director
Member- Shareholder / Investors' Grievance Committee
M & M Auto Industries Limited
Director

Aayush Finance & Investment Pvt. Ltd.
Director
De Core Science & Technologies Ltd.
Director

Antier Infotech Limited
Director
Bahadurchand Investment Pvt. Ltd.
Director

Mr. Mahesh Chander Munjal does not hold any share (in his own name or on behalf of other person on a beneficial basis) in the Company.

Mr. Mahesh Chander Munjal is the brother's son of Sh. O.P. Munjal, the Chairman of the Company and cousin brother of Mr. Vijay Munjal and Mr. Suman Kant Munjal, the Directors of the Company.

MAJESTIC AUTO LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting to you the Thirty Sixth Annual Report and the Audited Accounts for the Financial Year ended 31st March, 2009.

FINANCIAL RESULTS :

	Year ended 31-03-2009	(Rs.in lacs) Year ended 31.03.2008
Operational Income (Gross)	13295	12905
Profit before Depreciation and Financial charges	1556	996
Less : Financial Charges	397	429
Depreciation	613	430
Net Profit Before Tax	546	137
Less : Provision for Taxation		
- Deferred Tax	72	-52
: Provision for Wealth Tax	7	7
: Provision for Fringe Benefit Tax	10	11
Profit After Tax	457	171
Add / (Less) : Prior Period Adjustments	(3)	(5)
Add : Balance Brought Forward	1122	956
Profit Available for Appropriations	1576	1122
APPROPRIATIONS		
Balance carried to Balance Sheet	1576	1122
Basic and Diluted Earnings Per Share (EPS) Rs.	4.36	1.60

OPERATIONS

During the year under report, your Company has registered turnover of Rs. 13295 lacs as compared to Rs. 12905 lacs in the previous financial year. The Company earned a net profit before tax of Rs. 546 lacs as compared to a net profit before tax of Rs. 137 lacs in the previous financial year. The Company has also made provision for Bad Debts of Rs. 175.07 lacs (previous financial year Rs. 57.14 lacs). During the year the Company has received capital subsidy of Rs. 30 lacs (previous financial year Rs. Nil) which is in the nature of promoters' contribution and same has been credited to capital reserve.

Keeping in view the negative margin and low sales volume of mopeds and health equipment activities of the company, the Board of Directors in its meeting held on 27th January 2009 has taken the decision to discontinue the manufacturing of Mopeds and Health Equipments. However, by strengthening its operations in the other segments, the company has been able to achieve increased profit margin and increased turnover as compared to last year.

The management is confident that with its visionary approach and meticulous planning, the company will be moving the way ahead in this competitive market.

DIVIDEND

To sustain internal accruals for the future growth of the Company, your directors are not recommending any dividend for the Accounting Year.

MATERIAL CHANGES AND COMMITMENTS

To reap the benefits of Telecom Sector, the company has entered in to a Joint Venture Agreement on 26.06.2009 with KGB Global for setting up business of providing a broad range information services. The new business will be set up by incorporating a new Joint Venture Company with 50:50 investments. The total investments required from time to time will be approximately Rs. 10 Crores and funds for which will be arranged from internal accruals & Term Loans. There were no other material changes and commitments, affecting the financial position of the Company that have occurred between the end of the financial year of the Company and the date of signing of this report.

DIRECTORS

Sh. O. P. Munjal, Dr. D. R. Singh and Mr. Vijay Munjal, the Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. During the year the Company has appointed Mr. Harjeet Singh Arora and Dr. M.A. Zahir as an Additional Directors of the Company, who will hold office upto the date of this Annual General Meeting. The Company has received notices from the Members under Section 257 of the Companies Act, 1956, for their appointment as Directors of the Company. The Board recommends for their re-appointment.

MAJESTIC AUTO LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956 :

- i) That in the preparation of the annual accounts for the period ended March 31, 2009, the applicable accounting standards have been followed;
- ii) That appropriate accounting policies have been selected and applied consistently and judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs as at March 31, 2009 and of the net profit earned by the Company for financial period ended March 31, 2009 ;
- iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the annual accounts for the period ended March 31, 2009 have been prepared on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A report in the form of Management Discussion and Analysis pursuant to Clause 49 of the Listing Agreement, as a part of this report is annexed hereto as Annexure I.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with The Stock Exchange, adequate steps have been taken to ensure that all the provisions relating to Corporate Governance are duly complied with. A report on Corporate Governance alongwith the Auditors' Certificate on its compliance as a part of this report is annexed hereto as Annexure II.

LISTING

The shares of your Company are presently listed on the Bombay Stock Exchange Limited, Mumbai (BSE) and the Annual Listing fees for the year 2009-2010 has been paid to it.

FIXED DEPOSITS

During the year under review, the Company has not accepted or invited any deposit under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

INSURANCE

All properties and insurable assets of the Company including Building, Plant & Machinery and Stocks, have been adequately insured, wherever necessary and to the extent required.

PARTICULARS OF EMPLOYEES

A statement showing particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is annexed hereto as Annexure III and forms an integral part of this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The detailed information as required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto as Annexure -IV and forms an integral part of this report.

ENVIRONMENTAL MANAGEMENT

With implementation of the Environment Management System (EMS) ISO-14001:2004, the Company continues to pursue its endeavor to operate in harmony with the nature, conservation of natural resources and reduction in Global warming.

QUALITY MANAGEMENT

The Company continues to maintain the ISO/TS:16949 (2002) Quality Management Systems to ensure effectiveness of all functions.

AUDITORS

M/s B.D. Bansal & Co., Chartered Accountants, Auditors of the Company will retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that their appointment, if made, would be in accordance with Section 224 (1B) of the Companies Act, 1956. The Board recommends their re-appointment.

AUDITORS' REPORT

As regards the Auditors' Report, the respective notes to the accounts are self explanatory and therefore, do not call for any comments.

COST AUDITORS

Due to non manufacturing of Mopeds the Company had filed an application with the Central Government for withdrawal and exemption of Cost Audit for the year ending March 31, 2009 and onwards.

PERSONNEL

As on March 31, 2009, the total number of employees on the records of the Company was 684. The Company conducts several training programmes to upgrade the skills of its workforce. These programmes have a strong practical approach, and the objective is to derive tangible improvements. Industrial relations were cordial throughout the year. Your Directors place on record their appreciation for the dedicated and sincere efforts put in by all employees in the performance of the Company.

ACKNOWLEDGEMENT

The Directors acknowledge with gratitude, the co-operation and assistance given by the Central Government, State Governments, Banks, Dealers, Customers, Vendors and Investors during the year under review.

For and on behalf of the Board of Directors

PLACE : Ludhiana
DATE : 25.07.2009

(O. P. MUNJAL)
Chairman

ANNEXURE-I TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

i) INDUSTRY STRUCTURE AND DEVELOPMENT

- The Company is now mainly engaged in the manufacture of Silencers, Auto Components, Fine Blanking components, Bicycle parts and Electrical motors. The motorcycle industry continues to dominate the structure of the Two Wheeler Industry. The company being the supplier of motorcycle silencers to Hero Honda Motors Limited who is world's largest Two Wheeler company, will continuous to benefit from the growth of this company and the industry.

The company has facilities for tool design and tool making which enables the company to meet-up the expectations of the automobile manufacturers in the country by supplying high quality Fine Blanking components on schedule. The electrical stampings for electrical motors manufactured by the company enjoyed the trust of our reputed customers.

ii) OPPORTUNITIES AND THREATS

The recessionary trend prevailing in the world economy has also effected the Indian economy. The global economy may be past the worst face of the recession but recovery was yet not assured. India may steal show in global rate of recovery. The Indian economy is best placed for a revival and it has started responding to the stimulus measures taken by the Government. However, with the help of inheritance strengths of the company and with the backing of Hero Group promoters, the company is hopeful of being able to continuously achieve good results by diversifying and strengthening its operations.

iii) SEGMENT / PRODUCT-WISE PERFORMANCE

SILENCER AND COMPONENTS THEREOF

The turnover of Silencers has increased by 22.31% from Rs. 5333 lacs during the previous year to Rs.6523 lacs during the current year.

FINE BLANKING COMPONENTS

The turnover of Fine Blanking Components has increased by 30.93% from Rs.886 lacs during the year 2007-08 to Rs. 1160 lacs during the year 2008-09.

ELECTRICALS

The turnover / Income from operations of Electricals has increased by 86.02% from Rs. 923 lacs during the previous year to Rs. 1717 lacs during the current year.

iv) FUTURE OUTLOOK, RISKS AND CONCERNS

Despite the adverse conditions, the company has been able to achieve the improved performance and is hopeful to meet the challenges with a number of new initiatives, which are yielding good results. The company's strategic objective is to capitalize on the growth opportunities that it believes are available in the industry, at the same time the company recognizes the competitive nature of the industry. The company's growth is primarily determined by overall growth of Automotive & Consumer goods industry. The risk of any adverse development in these industries may affect your company's performance.

v) THE INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate system of internal control so as to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that all transactions are authorized, recorded and reported correctly. An extensive programme of internal audits and management reviews supplement the process of internal control. The internal control system has been designed so as to ensure that the financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets. The Company has formed an Audit Committee, comprising of three Non Executive Directors, which interacts with Statutory Auditors, Internal Auditors, Cost Auditors and Auditees in dealing with matters within its terms of reference. The Committee deals with accounting matters, financial reporting and internal controls. The Committee met five times during the year ended March 31, 2009 in this regard.

vi) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) prevalent in India. The Company has complied with the requirements of all mandatory accounting standards. The detailed financial performance has already been discussed in the Directors' Report.

vii) HUMAN RESOURCES/INDUSTRIAL RELATIONS

The Company had good and cordial relations with its work force during the year under review. The Company has a forward looking human resources policies. The Company also actively encourages and provides regular training to its work force in order to ensure that their skills are updated. A separate technical training Cell has been created to look after the technical training needs within the organization.

As at the close of the year as on 31.3.2009, 684 employees were on the roll of the Company.

viii) CAUTIONARY STATEMENT

Statements made in this 'Management Discussion and Analysis Report' describing the Company's objectives, projections, estimates, assumptions, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations.

Forward Looking Statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate and will be realized by the Company. Actual results may differ materially from those expressed or implied. Important factors that make a difference to the Company's operations include Global and Indian demand and supply conditions, monsoon, changes in Govt. regulations, tax regimes and economic development within India and the countries within which the Company conducts its business and such other factors.

ANNEXURE – II TO DIRECTORS' REPORT
CORPORATE GOVERNANCE REPORT

I. Company's philosophy on the Code of Governance.

The Corporate Governance Code was introduced by the insertion of Clause 49 to the Listing Agreement with the Stock Exchanges as per the directives issued by the Securities and Exchange Board of India. Corporate Governance primarily involves transparency, full disclosure, independent monitoring the state of affairs and being fair to all stake holders. Your Company, as a part of Hero Group, has always believed in the concept of good Corporate Governance involving transparency, independence, accountability, responsibility and fairness with a view to enhance stake holders value. Towards this end, adequate steps have been taken to ensure that all mandatory provisions of Corporate Governance as prescribed by the Securities and Exchange Board of India (SEBI) and applicable to the Company through listing agreement are complied with in its true spirit.

II. Board of Directors

The business of the Company is managed by the Board of Directors. The Board formulates the strategy and regularly reviews the performance of the Company. The Managing Director manages the day to day operations of the Company. The Board of Directors has composition with more than half of the Directors being non-executive Directors. None of the Directors on the Board holds the office of Director in more than 15 Companies or memberships in Committees of the Board in more than 10 Committees or Chairmanship of more than 5 Committees.

A. The constitution of the Board as on March 31, 2009 :

Non-Executive Chairman	Mr. Om Prakash Munjal - Chairman
Executive Director	Mr. Mahesh Chander Munjal (Managing Director)
Non Executive Directors	Mr. Suman Kant Munjal and Mr. Vijay Munjal
Non-Executive and Independent Directors	Mr. G.P. Sood and Dr. D.R. Singh
Non-Executive and Independent Additional Directors	Dr. M.A. Zahir and Mr. Harjeet Singh Arora

Sh. O.P. Munjal, the Non-Executive Chairman is the Promoter of the Company. Sh. Mahesh Chander Munjal, Sh. Suman Kant Munjal and Sh. Vijay Munjal are brother's son of Sh. O.P. Munjal and are cousin brothers among themselves. Independent Directors have no relationship with other Directors of the Company.

- B.** There is no pecuniary relationship or transaction of the non-executive directors vis-a-vis the Company. The non-executive directors are paid sitting fees for attending the Board and committee meetings.
- C.** Five Board Meetings were held on May 21, 2008, July 30, 2008, September 22, 2008, October 24, 2008, and January 27, 2009 during the Accounting Year ended March 31, 2009. Board Members were given agenda papers alongwith necessary documents and information in advance of each Board and other committee meetings. In addition to the regular business items, all other statutory items as recommended by the SEBI Committee on Corporate Governance were placed before the Board / Committee.

The attendance record of the Directors on the Board has been as under :

Directors	No. of Board meetings attended	Attendance at Last AGM
Mr. O. P. Munjal	3	No
Mr. G. P. Sood	5	Yes
Dr. D. R. Singh	5	Yes
Dr. M. A. Zahir	1	No
Mr. Harjeet Singh Arora	1	No
Mr. Vijay Munjal	3	Yes
Mr. Suman Kant Munjal	3	No
Mr. Mahesh Chander Munjal	5	Yes

D. SHAREHOLDING OF NON-EXECUTIVE DIRECTORS

Name of the Directors	Status	No. of shares held
Mr. O.P. Munjal	Non-executive Director	1471
Dr. D.R. Singh	Non-executive and independent Director	143

Apart from the above, none of the Directors hold any shares (in his own name or on behalf of other person on beneficial basis) in the Company.

MAJESTIC AUTO LIMITED

- E. The details of directors of the Company having directorship in other companies, membership / Chairmanship of Committees across all companies in which they are directors are given below :

Director	Total number of Committee Membership held (excluding Private Companies)	Total number of Committee Chairmanship held (excluding Private Companies)	Number of other Directorship held (excluding Private Companies)
Executive			
Mr. Mahesh Chander Munjal (Mg. Director)	1	–	3
Non-Executive			
Mr. O. P. Munjal (Non-Executive Chairman)	–	–	10
Mr. Vijay Munjal	3	–	6
Mr. Suman Kant Munjal	4	–	3
Non-Executive and Independent			
Mr. G.P. Sood	6	4	1
Dr. D. R. Singh	4	2	4
Dr. M. A. Zahir	10	4	11
Mr. Harjeet Singh Arora	1	–	10

INFORMATION SUPPLIED TO THE BOARD

Board members are given agenda along with necessary documents and information in advance of each meeting of the Board and Committee(s). The information as required to be placed before the Board in terms of Clause 49 of the Listing Agreement is placed before the Board.

CODE OF CONDUCT

The Company has adopted a "Code of Conduct" for all Board members and senior management of the Company. The code of conduct is available on the website of the Company www.heromajestic.com. All Board members and senior management have affirmed compliance with the Code of Conduct. The declaration signed by the Managing Director of the Company to this effect is enclosed as Annexure-V.

RISK MANAGEMENT

The Company has established an effective risk assessment and minimization procedures, which are reviewed by the Board periodically. There is a structure in place to identify and mitigate various risks faced by the Company from time to time. New risks are identified, and after their assessment their controls are designed, put in place with specific responsibility of the concerned person for its timely achievement.

III. Audit Committee

(Constitution as at 31.3.2009)

Members

Mr. G.P.Sood	Chairman	(Non-Executive and Independent Director)
Dr. D.R.Singh	Member	(Non-Executive and Independent Director)
Mr. Suman Kant Munjal	Member	(Non-Executive Director)

The Company Secretary acts as the Secretary of the Audit Committee. The Finance Head, Internal Auditors, Cost Auditors and Statutory Auditors attend the Audit Committee meetings.

The genesis of Majestic Auto Ltd's Audit Committee can be traced back to the Audit Sub-Committee, constituted in 1994. Since then it has been dealing with matters prescribed by the Board of Directors on a case by case basis. The nomenclature, constitution and terms of reference of the Committee were revised on January 30, 2001 and an Audit Committee was set up as per the provisions of the Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement of the Stock Exchange(s). As on March 31, 2009, the Committee had two Non-Executive Independent Directors and one Non-Executive Director in accordance with the prescribed guidelines. All the members have sound knowledge in the field of finance, accounting and law. The "terms of reference" of the Audit Committee included the following:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by them.
- Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to

MAJESTIC AUTO LIMITED

- a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
- b) Changes, if any, in accounting policies and practices and reasons for the same.
- c) Major accounting entries involving estimates based on the exercise of judgment by management.
- d) Significant adjustments made in the financial statements arising out of audit findings.
- e) Compliance with listing and other legal requirements relating to financial statements.
- f) Disclosure of any related party transactions.
- g) Qualifications, if any, in the draft audit report.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Reviewing reports furnished by the internal auditors, discussion with Internal Auditors on any significant findings and ensuring follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.
- Discussing with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Compliance with Stock Exchange and legal requirements concerning financial statements.
- Directors' Overseas Travelling expenses.
- Review of Foreign Exchange exposure.
- Reviewing the Company's financial and risk management policies.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

PRESENTATION BEFORE AUDIT COMMITTEE (WHEN EVER NECESSARY)

- A statement in summary form of transactions with related parties in the ordinary course of business.
- Details of material individual transactions with related parties which are not in the normal course of business.
- Details of material individual transactions with related parties or others which are not on arm's length basis alongwith management's justification for the same.

In the Current Accounting Year ended 31st March, 2009, five meetings of Audit committee were held on May 21, 2008, July 30, 2008, September 22, 2008, October 24, 2008 and January 27, 2009. The attendance record of members of the Audit Committee is as under:

Director	No. of Audit Committee Meetings Attended
Mr. G. P. Sood	5
Dr. D. R. Singh	5
Mr. Suman Kant Munjal	3

IV. Remuneration Committee

(Constitution as at 31.3.2009)

Mr. G.P. Sood	Chairman	(Non Executive and Independent Director)
Dr. D.R. Singh	Member	(Non Executive and Independent Director)
Mr. Suman Kant Munjal	Member	(Non Executive Director)

A Remuneration Committee as per the guidelines set out in the Listing Agreement was set up on 29.01.2002 to review and recommend the payment of annual salaries, commission, execution of service agreements and other employment conditions for Executive Director(s) / Managing Director(s). The Committee while approving the remuneration takes into account, financial position of the Company, trend in the Industry, appointee's qualification, experience, past performance, past remuneration etc. and brings about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the

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shareholders. Two members of the Committee are Non-executive Independent Directors and one member is Non-Executive Director. The members of the Committee are persons of repute and have sound knowledge of management practices. During this financial year, no meeting of the committee was held. The power and role of the Remuneration Committee is as per guidelines set out in the listing agreement.

REMUNERATION POLICY:

The Managing Director is paid remuneration recommended by remuneration committee and approved by the Board of Directors. In the Board Meeting, the remuneration (subject to the subsequent approval by the shareholders at the general meeting and such other authorities as the case may be) is fixed by the Non-Executive Directors. Executive / Interested Directors do not participate in the discussion / voting in the meeting. The remuneration is fixed considering various factors such as qualification, experience, expertise, prevailing remuneration in the corporate world, financial position of the Company etc. The remuneration structure comprises of basic salary, perquisites and allowances, contribution to provident fund and other funds. Besides that, there is a provision for payment of fixed commission @ 1% of net profit computed in accordance with Section 198 of the Companies Act, 1956.

In the event of loss or inadequacy of profits in any financial year during the currency of the tenure of Managing Director, the payment of salary, perquisites and other allowances is restricted to the amount as per terms of Section II of Part II of Schedule XIII to the Companies Act, 1956 as minimum remuneration.

The Non-Executive Directors do not draw any remuneration from the Company except sitting fees of Rs. 7500/- for each meeting of the Board and Committees thereof attended by them.

The Remuneration Committee fixes the remuneration as per the guidelines set out by the Central Government/ Listing Agreement, from time to time. The details of remuneration paid / provided to Directors are furnished below:

(A) The details of the remuneration to the Managing Director provided as per accounts for the year ended March 31, 2009 are given below:

Managing Director	Salary (Rs.)	Bonus (Rs.)	Comm- ission (Rs.)	Other benefits & perquisites (Rs.)	Contribution to Super Annuation Fund (Rs.)	Performance Linked Incentive (Rs.)	Total (Rs.)	Service Contract (Rs.)
Mr. Mahesh Chander Munjal	20,81,935	8,400	NIL	17,43,005	16,500	NIL	38,49,840	3 Years

Notes

- The Company has entered into service contract with Mr. Mahesh Chander Munjal, the Managing Director of the Company for a period of 3 years which will be completed on 28.10.2009.
- There are no Notice Period or severance fees payable to the Managing Director of the Company.

(B) The details of the remuneration to the Non-Executive Directors provided as per accounts for the year ended March 31, 2009 are given below:

Non-Executive Directors	Sitting Fees (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. O.P.Munjal	15000.00	NIL	15000.00
Mr. Vijay Munjal	22500.00	NIL	22500.00
Mr. Suman Kant Munjal	60000.00	NIL	60000.00
Mr. G.P.Sood	75000.00	NIL	75000.00
Dr. D.R.Singh	90000.00	NIL	90000.00
Dr. M. A. Zahir	7500.00	NIL	7500.00
Mr. Harjeet Singh Arora	7500.00	NIL	7500.00

No Stock Option Scheme has been launched till now by the Company.

V. Shareholders / Investors' Grievance Committee (Constitution as at 31.03.2009)

Dr. D.R. Singh	Chairman	(Non Executive & Independent Director)
Mr. Suman Kant Munjal	Member	(Non Executive Director)
Mr. Mahesh Chander Munjal	Member	(Non Executive Director)

Compliance Officer :

Mr. Rajesh Kumar Dang, Company Secretary

The Committee has been Constituted to specifically redress the grievances of Shareholders and Investors pertaining to shares sent for transfer, non receipt of dividends, dematerialization and other allied matters. During the financial year, two meetings of this committee were held on September 30, 2008 and March 27, 2009 to review the status of

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shareholders letters and other letters received from other authorities. The attendance record of members of the Shareholders and Investors' Grievance Committee is as under :

Director	No.of Shareholders/Investors' Grievance Committee Meetings
Dr. D.R. Singh	2
Mr. Suman Kant Munjal	2
Mr. Mahesh Chander Munjal	2

For details of shareholders complaints and their status refer para No. 11 under General Shareholders Information.

VI. General Body Meetings

Details of Annual / Extraordinary General Meetings

Location, date and time of General Meetings held during the last three years and Special Resolutions passed there at are given below :

Annual General Meetings

Year	Location	Date	Time	Special Resolutions Passed
2005-06	At the premises of Hero Cycles Ltd., Hero Nagar, G.T. Road, Ludhiana	Sept. 22, 2006	12.30 PM.	Approval for re-appointment of Mr. Mahesh Chander Munjal, as the Managing Director of the Company for a period of 3 years w.e.f 29.10.2006.
2006-07	At the premises of Hero Cycles Ltd., Hero Nagar, G. T. Road, Ludhiana	Sept. 22, 2007	12.30 PM.	No Special Resolution was passed in the Meeting.
2007-08	At the premises of Hero Cycles Ltd., Hero Nagar, G. T. Road, Ludhiana	Sept. 22, 2008	12.30 PM.	No Special Resolution was passed in the Meeting.

VII. Disclosures

1. Related parties and transactions with them as required under Accounting Standard 18 (AS-18) are furnished under Paragraph No.17 of the Notes to the Accounts attached with the financial statements for the year ended March 31, 2009.
The Board of Directors receives from time to time disclosures relating to financial and commercial transactions from key managerial personnel of the Company where they and / or their relatives have personal interest. There are no materially significant related party transactions, which have potential conflict with the interests of the Company at large.
There are no material individual transactions with related parties, which are not in the normal course of business and which are not on an arm's length basis.
The details of the Related Party transactions are placed periodically before and reviewed by the Company's Audit Committee.
Pursuant to the provisions of sub - clause V of the Clause 49 of the Listing Agreement with the Stock Exchange, the Managing Director (CEO) has issued a certificate to the Board, for the Financial Year ended March 31, 2009.
2. The guidelines on Accounting Standards issued under the Companies (Accounting Standards) Rules, 2006 have been followed in preparation of the financial statements of the Company.
3. There has neither been any non-compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the Stock Exchanges or SEBI or any other authorities on any matters related to capital market during the last three years,
4. In compliance with the SEBI regulations on prevention of insider trading, the Company has instituted a comprehensive code of conduct for its directors, management, staff and relevant business associates. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them on consequences of non-compliances.

MAJESTIC AUTO LIMITED

VIII. Appointment / Re-appointment of Directors

Sh. O. P. Munjal, Dr. D. R. Singh, Mr. Vijay Munjal, Directors of the Company, retire by rotation at the ensuing Annual General Meeting. Mr. O.P. Munjal, Dr. D. R. Singh and Mr. Vijay Munjal being eligible have offered themselves for re-appointment. Dr. M.A. Zahir and Mr. Harjeet Singh Arora, were appointed as an Additional Directors of the Company by the Board of Directors in its meeting held on 27.01.2009. The Company has received notices from the Members under Section 257 of the Companies Act, 1956, for their appointment as Directors of the Company.

The abbreviated resume of the said Directors being appointed/ re-appointed, is being given in the Notice of the Annual General Meeting.

IX. Means of Communication

1. The Company has regularly sent immediately, both by post as well as fax, the annual audited as well as quarterly un-audited results to the Stock Exchange, after they are taken on record by the Board of Directors.
2. The Company's quarterly and annual results have been published in English and Punjabi, Newspapers viz. The Financial Express (all editions) and Desh Sewak respectively and have also been displayed on Company's website at www.heromajestic.com and SEBI website at www.sebidifar.nic.in.
3. Management Discussion and Analysis report which forms a part of the Annual Report is given by means of a separate annexure and is attached to the Directors' Report.

X. General Shareholders Information

1. Annual General Meeting will be held on Monday, 22nd September, 2009, at 12.30 P.M. at the premises of Hero Cycles Ltd., Hero Nagar, G.T. Road, Ludhiana.

2. For the year ended March 31, 2009, Results were announced on :

First quarter ended June 30, 2008	July 30, 2008
Second quarter ended September 30, 2008	October 24, 2008
Third quarter ended December 31, 2008	January 27, 2009
Fourth quarter ended March 31, 2009	May 27, 2009

3. For the Year ending March 31, 2010, Results will be announced on (Tentative and subject to change)

First quarter results (June 30, 2009)	Last week of July, 2009
Second quarter / half year results (Sept. 30, 2009)	Last week of Oct. 2009
Third quarter results (Dec. 31, 2009)	Last week of Jan. 2010
Fourth quarter and year ending (March 31, 2010)	Last week of May, 2010
Annual General Meeting for the year ended March 31, 2010	September, 2010

4. Dates of book closure :

The dates of book closures are from September 17, 2009 to September 22, 2009 (both days inclusive).

5. Listing on Stock Exchange

Stock Exchange where listed

Bombay Stock Exchange Limited

Address

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001

Listing fees for the 2009-2010 have been paid to the Bombay Stock Exchange Limited, Mumbai within the stipulated time.

6. Stock Codes : 500267 at Bombay Stock Exchange Limited

7. DEMAT ISIN IN NSDL AND CDSL FOR EQUITY SHARES : INE201B01022

8. a) Market Price Data

Monthly high and low quotations of shares traded at Bombay Stock Exchange Ltd. is given in the following tables.

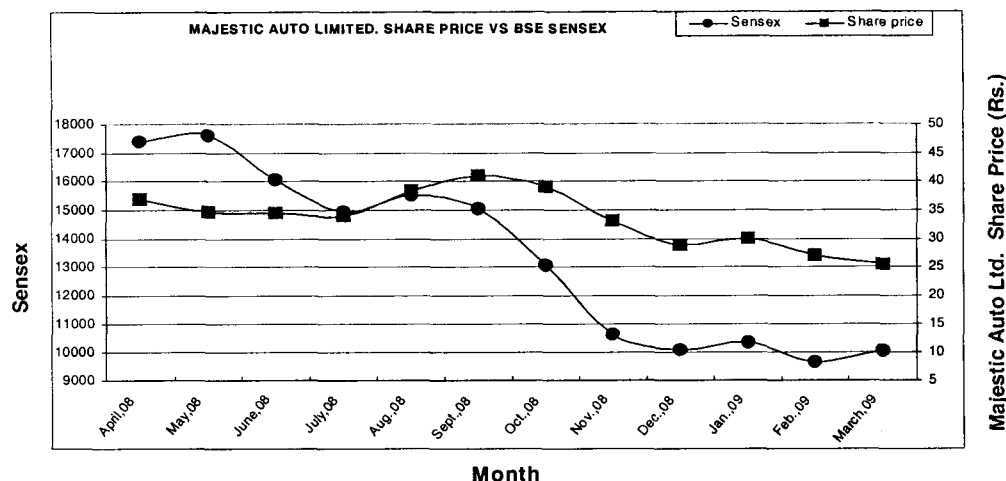
Month Year	April 2008	May 2008	June 2008	July 2008	Aug. 2008	Sept. 2008	Oct. 2008	Nov. 2008	Dec. 2008	Jan. 2009	Feb. 2009	March 2009
High (Rs.)	36.85	34.60	34.45	33.85	38.20	41.00	39.00	33.00	28.80	30.00	27.00	25.50
Low (Rs.)	25.40	30.15	28.30	26.15	30.50	30.00	18.00	22.35	23.15	19.65	22.75	22.15

MAJESTIC AUTO LIMITED

b) Share Price Movements

Share Price Movements for the period from April 1, 2008 to March 31, 2009 of Majestic Auto Limited vs BSE Sensex.

Majestic Auto Ltd. Share Price vs BSE Sensx



9. Registrar and Transfer Agent for securities admitted in the Depository System

Alankit Assignment Limited
Corporate Office, Alankit House, 2E/21, Anarkali Market, Jhandewalan Extension, New Delhi-110 055.
Phones (011) 23541234, 42541234,
Fax (011) 23552001, e-mail : rta@alankit.com

10. Share transfer system

The Shares of the Company are traded in the compulsory demat mode for all investors. Shares sent for transfer in physical form are registered within a fortnight (if in order and complete in all respect) and then returned the same to the respective shareholders duly transferred in their names.

The total number of shares transferred during the year from 1.04.2008 to 31.03.2009 were 1712, which were completed within prescribed period. Shares under objection were returned within prescribed time. M/s Alankit Assignments Limited, New Delhi is the Registrar and Share Transfer Agent of the Company for both physical and electronic share transfer work of the Company.

Therefore, shareholders of the Company are requested to send all shares in physical form for transfer directly to the Registrar and Transfer Agent of the Company.

11. Investors' services

The Company has a Board level Committee dealing with investors issue, which has been discussed in detail earlier. The details of complaints/requests/reminders received and redressed during the year from 01.04.2008 to 31.03.2009 are given hereunder.

Sr. No.	Nature of Complaints/Requests/Reminders	From 01.04.2008 to 31.3.2009	
		Received	Cleared
1.	Non Receipt of Share Certificate	06	06
2.	Request for Seller Address	01	01
3.	Old Shares for Demat / Transfer	02	02
4.	Revalidation of Dividend Warrants	04	04
5.	Transmission of Dividend Warrants	01	01
6.	Change of Address	04	04
7.	ECS / Bank Mandate	03	03
8.	Transmission of Shares	02	02
9.	Loss of Shares	01	01

The Company has attended to most of the investors grievances/correspondence within a period of 15 days from the date of receipt of the same, during the year ended 31.03.2009.

MAJESTIC AUTO LIMITED

12. Distribution of shareholding as on March 31, 2009

No. of Shares held (Rs. 10/- paid up)	Folios		Shares of Rs. 10/- paid up Value	
	Number	%	Numbers	%
Upto 5000	4738	98.728	1250395	12.025
5001 - 10000	22	0.458	163422	1.572
10001 - 20000	13	0.271	189152	1.819
20001 - 30000	6	0.125	148454	1.428
30001 - 40000	3	0.063	101667	0.978
40001 - 50000	-	-	-	-
50001 - 100000	3	0.063	182945	1.760
100001 - 500000	9	0.188	2481554	23.867
500001 and above	5	0.104	5879889	56.551
Total	4799	100.000	10397478	100.000

13. Shareholding Pattern as on March 31, 2009

Category Code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares
					As a % of (A+B)
(I)	(II)	(III)	(IV)	(V)	(VI)
(A)	Shareholding of Promoter and Promoter Group (INDIAN)				
(a)	Individuals / Hindu Undivided Family	13	1649024	0	15.860
(b)	Bodies Corporate	9	6289934	5156563	60.495
	Sub-Total (A)	22	7938958	5156563	76.355
(B)	Public Shareholding				
(1)	Institutions				
(a)	Mutual Funds / UTI	7	3351	0	0.032
(b)	Foreign Institutional Investors	6	2538	0	0.024
	Sub-Total (B) (1)	13	5889	0	0.056
(2)	Non-Institutions				
(a)	Bodies Corporate	145	844892	839725	8.126
(b)	Individuals-				
	1. Individuals shareholders holding nominal share capital upto Rs.1 Lakh.	4577	1305376	1076811	12.555
	2. Individual shareholders holding nominal shares capital in excess of Rs.1 Lakh	12	276048	276048	2.655
(c)	Any Other (Specify) NRI	29	26220	24880	0.252
	TRUST	1	95	0	0.001
	Sub-Total (B) (2)	4764	2452631	2217464	23.589
	Total Public Shareholding (B)=(B)(1)+(B)(2)	4777	2458520	2217464	23.645
	GRAND TOTAL (A)+(B)	4799	10397478	7374027	100.000

The Promoters have not pledged any shares of the company.

14. Secretarial Audit

In keeping with the requirements of the SEBI and Stock Exchange, a secretarial audit by practicing Company Secretary is carried out to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The said audit confirms that the total issued / paid-up capital tallies with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

15. Dematerialization of shares and liquidity

70.92% of total Equity Share Capital i.e. 73,74,027 Equity Shares is held in dematerialized form with NSDL and CDSL as on 31st March, 2009. During the year, 5,966 numbers of equity shares of Rs.10/- each were dematerialized by the shareholders representing 0.06% of the total equity share capital of the Company.

16. The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments.

17. The Company has not obtained any public funding in the last three years.

MAJESTIC AUTO LIMITED

18. Company's Registered Office Address:

C-48, Focal Point, Ludhiana – 141 010, Tel: 0161- 2670234-237 Fax: 0161- 2672790, 2673827

19. Corporate Identify No. (CIN) : L35911PB1973PLC003264

20. Plant Locations : 1) C-48, Focal Point, Ludhiana - 141010 2) C-59, Focal Point, Ludhiana - 141010

21. Non-Mandatory Requirements :

The Company has not adopted the non-mandatory requirements as specified in Annexure-3 of the Listing Agreement except clause (b) relating to Remuneration Committee.

22. Investors' correspondence may be addressed to:

Mr. Rajesh Kumar Dang
Associate Vice President (Finance)-Cum-Company Secretary
C-48, Focal Point, Ludhiana.
e-mail : accounts@heromajestic.com, grievance@heromajestic.com

23. Queries Relating to the Financial Statements of the Company may be Addressed to

Mr. Rajesh Kumar Dang
Associate Vice President (Finance)-Cum-Company Secretary
e-mail: accounts@heromajestic.com

For and on Behalf of the Board of Directors

Place : Ludhiana
Date : 25.07. 2009

(O.P.MUNJAL)
Chairman

**CERTIFICATE ON CORPORATE GOVERNANCE
TO THE MEMBERS OF MAJESTIC AUTO LIMITED**

We have examined the compliance of conditions of Corporate Governance by Majestic Auto Limited for the year ended March 31, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of B.D. Bansal & Co.
Chartered Accountants

Place : Ludhiana
Dated : 25 .07. 2009

(Satish Kumar Bansal)
Partner
Membership No.80324

MAJESTIC AUTO LIMITED

ANNEXURE - III TO DIRECTORS' REPORT

STATEMENT OF PARTICULARS UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31.3.2009.

Name of the Employee	Designation	Nature of Duty	Gross Remuneration Received (Rs.)	Qualification	Experience (Years)	Share Holding % (Nos.)	Date of Empl-oyment	Age (Yrs.)	Last Employ-ment held before joining Company
THROUGHOUT THE YEAR									
Mahesh Chander Munjal	Managing Director	Day to day management of the affairs of the Company	38,49,840/-	B.Tech; M.B.A.	30	NIL	29.06.93	55	Executive Director of Gujarat Cycles Limited
PART OF THE YEAR									
None									

NOTES :

- Information has been furnished on the basis of employees employed throughout the financial year, who were in receipt of remuneration for that year which, in the aggregate, was not less than Rs.24,00,000/- (Rupees Twenty Four Lacs) per annum and those employed for the part of the financial year, were in receipt of remuneration for any part of that year at a rate which, in the aggregate, was not less than Rs. 2,00,000/- (Rupees Two lacs) per month. There was no person employed either throughout the financial year or part thereof, who was holding either by himself or alongwith the spouse and dependent children 2% or more of the shares of the Company and drawing remuneration in excess of the remuneration drawn by the Managing Director of the Company.
- Remuneration includes basic salary, perquisites and other allowances, payments and expenditure incurred on perquisites and Company's contribution to Provident Fund, Superannuation Fund and Gratuity Fund.
- The appointment of Mr. Mahesh Chander Munjal is on contractual basis and terminable by notice on either side.
- Mr. Mahesh Chander Munjal is not related to any other Director of the Company.
- The Terms & Conditions of Mr. Mahesh Chander Munjal are as approved by the Board of Directors and Shareholders.

ANNEXURE – IV TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009.

I. CONSERVATION OF ENERGY :

- Energy conservation measures taken;
 - High efficiency motors and energy saving devices have been installed.
 - Organized training programme for employees.
 - Power distribution system has been re-arranged to avoid system load.
- Additional Investments and proposals, if any, being implemented for reduction of consumption of energy; Installation of more energy efficient equipments.
- Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods;
Due to implementation of the above steps (and also steps taken in past), considerable energy and cost of production of goods has been saved/reduced.
- Total energy consumption and energy consumption per unit of production;
Furnishing of this information in the prescribed format in Form-A is not applicable to the Company.

II. TECHNOLOGY ABSORPTION:

- Efforts made in technology absorption;
The information has been given in the prescribed format in Form – B hereunder.

FORM - B

Form for disclosure of particulars with respect to absorption of technology.

A RESEARCH & DEVELOPMENT (R & D) :

1. SPECIFIC AREAS IN WHICH R & D CARRIED OUT BY THE COMPANY :

- Development and Productionization of different type of Seat Recliner;
- Development and modification of special Silencer with catalytic converter and heat tubes;
- Tool designing and development of new Rotors & Stators;
- Study and Exploring of new auto product requirements of different companies i.e. Truck Steering Components, Valve Plate, Caliper Bracket, Ratchet and Pawl etc.

MAJESTIC AUTO LIMITED

2. BENEFITS DERIVED AS A RESULT OF THE ABOVE R & D :

New products development has improved Sales.

3. FUTURE PLAN OF ACTION:

- a) To tap new markets for automotive and stamping products.
- b) To explore new auto components for development and expansion of Auto Component business.

4. EXPENDITURE ON R & D :

(Rs. in lacs)

- a) Capital NIL
- b) Recurring 0.14
- c) Total 0.14
- d) Total R & D expenditure as a percentage of total turnover 0.001%

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

Efforts are being made, to adopt the technology. The Company has a team of well qualified and experienced Engineers who are committed to absorb and adopt latest technology.

2. Benefits derived as result of the above efforts :

- a) Product Improvement
- b) Product Development
- c) Import substitution
- d) Technology upgradation for environment protection and waste management.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished:

- a) Technology Imported : Nil
- b) Year of Import : Not Applicable
- c) Has technology been fully absorbed : Not Applicable
- d) If not fully absorbed, areas where this has not taken place, reasons therefore and the plan of action : Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

- a) Activities relating to exports : Extensive efforts are being made to explore the new markets for the products of the Company.
- b) Total foreign exchange used & earned :

(Rs.in lacs)	
Used	1081
Earned	4

ANNEXURE – V TO DIRECTORS' REPORT

DECLARATION OF MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with sub-clause 1 (D) of Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, Mumbai, I, Mahesh Chander Munjal, Managing Director of Majestic Auto Limited, hereby confirm that, all the Directors and Senior Management personnel of the Company have affirmed compliance with their respective Codes of Conducts, as applicable to them, for the Financial Year ended March 31, 2009.

Place : Ludhiana
Date : 25.07.2009

(Mahesh Chander Munjal)
Managing Director

MAJESTIC AUTO LIMITED

AUDITORS' REPORT

To The Members of Majestic Auto Limited

1. We have audited the attached Balance Sheet of Majestic Auto Limited, Ludhiana as at March 31, 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India, in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in above paragraph, we state that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of such books;
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards, referred to in Section 211(3C) of the Companies Act, 1956;
 - v) On the basis of written representations received from the directors as on 31st March, 2009 and taken on record by the Board of Directors of the Company, we report that none of the directors is disqualified as on 31.03.2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - vi) In our opinion and to the best of our information and according to the explanations given and management representations made to us, the said accounts read together with 'Significant Accounting Policies' and other 'Notes to Account' give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009.
 - b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of B.D.Bansal & Co.
Chartered Accountants

Place : Ludhiana
Date : 27.05.2009

(Satish Kumar Bansal)
PARTNER
Membership No.80324

MAJESTIC AUTO LIMITED

ANNEXURE REFERRED TO IN PARAGRAH '3' OF THE AUDITORS' REPORT TO THE MEMBERS OF MAJESTIC AUTO LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009.

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) As explained to us, the Company has a system of physical verification, which is designed to cover all assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. Pursuant to the programme, certain fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
 - c) The company has not disposed off any substantial part of its fixed assets so as to affect the Company as a going concern.
- ii) a) The inventory in the custody of the Company has been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) On the basis of examination of the records of inventories, we are of the opinion that the Company is maintaining proper records of inventory and no material discrepancy was noticed on physical verification.
- iii) a) The Company has not granted any loans, secured and unsecured, to companies, firms or other parties listed in the register maintained u/s 301 of the Companies Act, 1956, therefore the provisions of Clause 4 (iii)(b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
 - b) The Company has taken unsecured inter corporate deposits from three Companies covered under register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.16.04 crores and the year end balance was Rs. 15.25 crores.
 - c) According to information and explanations given to us, the rate of interest and other terms & conditions of the aforesaid deposits are not prima-facie prejudicial to the interest of the company.
 - d) In our opinion and according to information and explanations given to us, the Company has been regular in repayment of stipulated principal and interest.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets, and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct any major weakness in internal controls.
- v) a) Based on the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and exceeding a value of Rs. 5 lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time except for items stated to be of proprietary nature, where the question of comparison does not arise.
- vi) As the Company has not accepted any deposits from the public, therefore provision of clause 4 (vi) of the Companies (Auditors' Report) order, 2003 is not applicable to the Company.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii) As per information and explanation given to us, the Company has taken a decision to discontinue the manufacturing of Mopeds and has applied to the Central Government for exemption and withdrawal of cost audit related to its "Motor Vehicle" activities for the financial year under consideration and onwards and the sanction is still awaited.

MAJESTIC AUTO LIMITED

- ix) a) According to the records of the Company / information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amount payable in respect of the above were in arrear as at 31st March, 2009 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited on account of any dispute except as stated below:-

S. No.	Nature of Statute	Nature of Dispute	Amount Unpaid Rs.	Period to which the amount relates	Forum where dispute is pending
1.	Punjab Value Added Tax, 2005	Penalty u/s 51(7) (b) of Punjab Value Added Tax Act, 2005	1,77,357	A.Y. 2005-06	Dy. Excise & Taxation Commissioner (Appeals), Patiala
2.	-do-	-do-	42,700	A.Y. 2005-06	-do-
3.	U.P. Trade Tax	Penalty Under U.P. Trade Tax Act	1,98,108	A.Y. 2005-06	Assistant Commissioner (Appeals), U.P. Trade Tax, Noida

- x) The Company has no accumulated losses at the end of the financial year. It has not incurred cash losses in the current year and in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institutions or banks or debenture holders.
- xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund/ nidhi/ mutual benefit fund/ society. Therefore, the provision of clause 4(xiii) of the Companies Act (Auditor's Report) order, 2003 is not applicable to the Company.
- xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provision of Clause 4(xiv) of the Companies (Auditor's report) order, 2003 is not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) According to information and explanations given to us, the Company has applied the term loans for the purpose for which the loans were raised.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash flow of the Company, we report that no funds raised on short term basis have been used for long term investments.
- xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provision of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- xix) The Company has not issued new debentures during the year covered by our audit. Accordingly, the provision of clause 4(xix) of Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- xx) The Company has not raised money by way of public issue during the year. Accordingly, the provision of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no material fraud on or by the Company has been noticed or reported during the course of our audit.

For and on behalf of B.D.Bansal & Co.
Chartered Accountants

Place : Ludhiana
Date : 27.05.2009

(Satish Kumar Bansal)
Partner
Membership No.80324

MAJESTIC AUTO LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS	SCHEDULE NO.	(Rs.)	As At 31.03.2009 (Rs.)	As At 31.03.2008 (Rs.)
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
a) Share Capital	I	10,39,82,280		10,39,82,280
b) Reserves & Surplus	II	22,35,75,457		17,52,08,103
			32,75,57,737	27,91,90,383
LOAN FUNDS				
a) Secured Loans	III	11,77,53,535		9,42,44,602
b) Unsecured Loans	IV	25,82,21,844		26,83,77,167
			37,59,75,379	36,26,21,769
Deferred Tax Liabilities(net)			59,85,075	-
TOTAL			70,95,18,191	64,18,12,152
APPLICATION OF FUNDS				
FIXED ASSETS				
a) Gross Block	V	1,00,14,03,091		87,91,42,231
b) Less: Depreciation		34,63,71,373		28,53,72,720
c) Net Block		65,50,31,718		59,37,69,511
d) ADD Capital Work in Progress		69,49,536		1,26,73,632
			66,19,81,254	60,64,43,143
INVESTMENTS	VI		51,96,525	51,00,668
CURRENT ASSETS, LOANS & ADVANCES				
a) Inventories		8,81,31,753		10,18,89,273
b) Sundry Debtors		9,71,19,911		11,50,32,074
c) Cash And Bank Balances		2,19,33,294		1,38,77,736
d) Loans And Advances		4,63,66,976		4,59,14,637
TOTAL		25,35,51,934		27,67,13,720
LESS: CURRENT LIABILITIES & PROVISIONS				
a) Liabilities	VIII	18,00,57,424		22,23,54,338
b) Provisions		3,11,54,098		2,53,10,780
		21,12,11,522		24,76,65,118
NET CURRENT ASSETS			4,23,40,412	2,90,48,602
Deferred Tax Assets (net)			-	12,19,739
TOTAL			70,95,18,191	64,18,12,152
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNT				
XIII				

AS PER OUR AUDIT REPORT
OF EVEN DATE ANNEXED
For and on behalf of B.D. Bansal & Co.
Chartered Accountants

Place: Ludhiana
Date : 27.05.2009

Rajesh Kumar Dang
Associate Vice President (Finance)
Cum-Company Secretary

Mahesh Chander Munjal
Managing Director

O. P. Munjal
Chairman

(Satish Kumar Bansal)
Partner
Membership No. 80324

MAJESTIC AUTO LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	SCHEDULE NO.	(Rs.)	(Rs.)	Year Ended 31.03.2009 (Rs.)	Year Ended 31.03.2008 (Rs.)
INCOME					
Operational Income	IX		1,32,94,74,262		1,29,04,75,189
Less : Excise Duty Paid		14,61,63,108			14,72,70,341
Sales Tax / VAT Paid		3,46,43,912			3,98,88,974
			18,08,07,020		18,71,59,315
Net Operational Income				1,14,86,67,242	1,10,33,15,874
Other Income	X			4,92,07,903	4,72,81,336
TOTAL (A)				1,19,78,75,145	1,15,05,97,210
EXPENDITURE					
Manufacturing and Other Expenses	XI		104,22,96,444		1,05,10,24,360
Financial Expenses	XII		3,97,04,253		4,28,72,533
Depreciation			6,13,18,575		4,29,74,635
TOTAL (B)			1,14,33,19,272		1,13,68,71,528
Profit / (-) Loss Before Taxation (A-B)			545,55,873		1,37,25,682
Less: Provision for Taxation					
- Current			27,00,000		-
- Deferred			72,04,814		-51,70,220
Provision for Wealth Tax			7,00,000		7,00,000
Provision for Fringe Benefit Tax			10,00,000		10,50,000
MAT credit entitlement			-27,00,000		-
Profit / (-) Loss After Tax			4,56,51,059		1,71,45,902
Add/(Less): Prior Period Adjustments			(3,09,950)		-
Add/(Less): Prior Period Tax Adjustments			26,245		(4,79,396)
Balance brought forward			11,22,55,717		9,55,89,211
Profit available for appropriation			15,76,23,071		11,22,55,717
Balance carried to Balance Sheet			15,76,23,071		11,22,55,717
Basic & Diluted Earning Per Share Face Value of Rs.10/- Each (in Rupees)			(+)4.36		(+)1.60
(Refer Note No.11 of Notes to Account)					

AS PER OUR AUDIT REPORT
OF EVEN DATE ANNEXED
For and on behalf of B.D. Bansal & Co.
Chartered Accountants

Place: Ludhiana
Date : 27.05.2009

Rajesh Kumar Dang
Associate Vice President (Finance)
Cum-Company Secretary

Mahesh Chander Munjal
Managing Director

O. P. Munjal
Chairman

(Satish Kumar Bansal)
Partner
Membership No. 80324

MAJESTIC AUTO LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	(Rs.)	Year Ended 31.03.2009 (Rs.)	Year Ended 31.3.2008 (Rs.)
A CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax and Extraordinary Items		5,45,55,873	1,37,25,682
Adjustments for			
Add: a) Depreciation	6,13,18,575		4,29,74,635
b) Exchange Differences	-47,20,581		-3,66,252
c) Loss on Fixed Assets sold \ discarded	1,59,157		3,52,616
d) Interest - Others and financial charges	3,97,04,253		4,13,71,765
e) Provision for Doubtful Debts	1,75,07,134		57,13,761
		11,39,68,538	9,00,46,525
Less: a) Interest Received on Loans, Deposits	3,36,831		5,30,747
b) Dividend Income on			
Long Term Quoted Investments (Non-Trade)	3,08,75,190		2,76,25,170
c) Profit from Investments in AOP (Non-Trade)	95,857		90,324
d) Profit on sale of Fixed Assets	1,40,967		26,685
		3,14,48,845	2,82,72,926
		13,70,75,566	7,54,99,281
Operating Profit Before Working Capital changes			
Adjustments for :			
a) Increase / (Decrease) in Trade Payables	(3,91,53,382)		(43,44,130)
b) Decrease in Inventories	1,37,57,520		2,18,55,417
c) Increase / (Decrease) in Loans & Advances	48,54,611		(1,21,02,997)
d) Decrease in Trade & Other Receivables	4,05,029		4,32,36,419
		-2,01,36,222	4,86,44,709
Cash Generated from operations		11,69,39,344	12,41,43,990
Less: a) Direct taxes paid	42,27,950		16,16,865
b) Exchange Differences	-47,20,581		-3,66,252
c) Net prior period expenses / Tax adjustments	3,62,705		5,55,814
		-1,29,926	18,06,427
Net Cash Flow from operating activities		11,70,69,270	12,23,37,563
B. CASH FLOW FROM INVESTING ACTIVITIES			
a) Sale of Fixed Assets	2,70,000		4,08,743
b) Interest received on Loan, Deposit	3,36,831		5,30,747
c) Dividend Income	3,08,75,190		2,76,25,170
d) Purchase of Fixed Assets	-11,71,44,876		-3,05,41,590
e) Capital subsidy received	30,00,000		-
Net Cash from (used in) investing activities		(8,26,62,855)	(19,76,930)
C. CASH FLOW FROM FINANCING ACTIVITIES			
a) Repayment of borrowings	4,66,46,390		17,09,38,409
b) Interest - others and financial charges	3,97,04,253		4,13,71,765
c) Dividend paid	214		1,702
		8,63,50,857	21,23,11,876
Less: Proceeds from borrowings		6,00,00,000	10,00,00,000
Net Cash from (used in) financing activities		(2,63,50,857)	(11,23,11,876)
D. NET INCREASE(+)/DECREASE(-) IN CASH AND CASH EQUIVALENTS (A+B+C)		(+) 80,55,558	(+) 80,48,757
Cash and Cash equivalents at the beginning of the year		1,38,77,736	58,28,979
Cash and Cash equivalents at the end of the year		2,19,33,294	1,38,77,736

- Notes:
1. Cash and Cash equivalents includes cash and bank balances shown in Schedule VII of the Balance Sheet.
 2. Prior Year figures have been regrouped and recast wherever necessary.
 3. Balance in deposit accounts of Rs.22,53,849 /- (Previous Year 1,02,68,873/-) included in Cash and Cash equivalents figure above is held as Margin Money by Banks.

AS PER OUR AUDIT REPORT
OF EVEN DATE ANNEXED
For and on behalf of B.D. Bansal & Co.
Chartered Accountants

Place: Ludhiana
Date : 27.05.2009

Rajesh Kumar Dang
Associate Vice President (Finance)
Cum-Company Secretary

Mahesh Chander Munjal
Managing Director

O. P. Munjal
Chairman

(Satish Kumar Bansal)
Partner
Membership No. 80324

MAJESTIC AUTO LIMITED

SCHEDULES I TO VIII ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

SCHEDULE - I : SHARE CAPITAL

	AS AT 31.03.2009 (Rs.)	AS AT 31.03.2008 (Rs.)
AUTHORISED		
1,50,00,000 (Previous Year 1,50,00,000) Equity Shares of Rs. 10/- each	15,00,00,000	15,00,00,000
2,50,00,000 (Previous Year 2,50,00,000) Preference Shares of Rs. 10/- each	25,00,00,000	25,00,00,000
ISSUED		
1,03,98,978 (Previous Year 1,03,98,978) Equity Shares of Rs. 10/- each	10,39,89,780	10,39,89,780
SUBSCRIBED AND PAID UP		
1,03,97,478 (Previous Year 1,03,97,478) Equity Shares of Rs. 10/- each fully paid up	10,39,74,780	10,39,74,780
Add : Shares Forfeited (Amount paid up)	7,500	7,500
	<u>10,39,82,280</u>	<u>10,39,82,280</u>
	<u>10,39,82,280</u>	<u>10,39,82,280</u>

Notes :

- 71,533 (Previous Year 71,533) Equity Shares of Rs. 10/- each allotted as fully paid pursuant to a contract without payment being received in cash.
- 23,98,500 (Previous Year 23,98,500) Equity Shares of Rs. 10/- each issued as fully paid by way of Bonus Shares by capitalisation of General Reserve.

SCHEDULE - II : RESERVES & SURPLUS

	AS AT 31.03.2009 (Rs.)	AS AT 31.03.2008 (Rs.)
CAPITAL RESERVE		
Balance brought forward	—	—
Add: Addition during the year	30,00,000	—
	<u>30,00,000</u>	
SECURITIES PREMIUM ACCOUNT		
As Per Last balance Sheet	1,29,52,386	1,29,52,386
GENERAL RESERVE		
Balance brought forward	5,00,00,000	—
Add: Transferred from Debenture Redemption Reserve	—	5,00,00,000
	<u>5,00,00,000</u>	<u>5,00,00,000</u>
SURPLUS ACCOUNT		
As Per Profit and Loss Account	15,76,23,071	11,22,55,717
	<u>22,35,75,457</u>	<u>17,52,08,103</u>

MAJESTIC AUTO LIMITED

SCHEDULE - III : SECURED LOANS

	AS AT 31.03.2009 (Rs.)	AS AT 31.03.2008 (Rs.)
LOANS & ADVANCES FROM BANKS		
i) Term Loan [Amount repayable within one year Rs.2,00,00,000/- (Previous Year Rs.4,00,00,000/-)]	4,50,00,000	6,00,00,000
ii) Cash Credit	6,67,53,535	3,42,44,602
iii) Short Term Loan [Amount repayable within one year Rs.60,00,000/- Previous Year NIL]	60,00,000 11,77,53,535	— 9,42,44,602

Notes :

- At serial no. (i) Term Loan from State Bank of Patiala (Previous year The Catholic Syrian Bank Ltd.) is secured by mortgage over all the immovable properties of the Company on pari-passu basis, other than the securities stated in item nos. 2 and 3 below and also secured by Second Charge on entire current assets of the Company. These term Loans are also further secured by personal guarantee of Managing Director of the Company.
- Loans and advances at serial no.(ii) from Canara Bank ,Punjab National Bank and IDBI Bank Ltd are secured by hypothecation of stock in trade and book debts and other current assets of the Company both present and future on pari-passu basis with Short Term Loan of IDBI Bank Ltd. mentioned at item no.3 below and also secured by second charge on all the immovable properties of the Company. These Loans are further secured by personal guarantee of Managing Director of the Company.
- Loans and Advances at serial no.(iii) from IDBI Bank Ltd. are secured by hypothecation of Stock in trade, book debts and other Current Assets of the Company both present and future on pari-passu basis with Loans and advances mentioned at serial no.2 above and also secured by Second charge on all the immovable properties of the Company. This Loan is further secured by personal guarantee of Managing Director of the Company.

SCHEDULE - IV : UNSECURED LOANS

	AS AT 31.03.2009 (Rs.)	AS AT 31.03.2008 (Rs.)
Security Deposit From Dealers	57,21,844	72,10,901
Others (Inter Corporate Deposits)	15,25,00,000	16,04,27,350
Loan from Managing Director	10,00,00,000	10,07,38,916
	25,82,21,844	26,83,77,167

MAJESTIC AUTO LIMITED

SCHEDULE - V : FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2008	Additions	Sold/Transfer Adjustment	Total As On 31.03.2009	Upto 01.04.2008	For the year	Sold/Transfer Adjustment	Upto 31.03.2009	As On 31.03.2009	As On 31.03.2008
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Freehold Land	4,22,46,610	—	—	4,22,46,610	—	—	—	—	4,22,46,610	4,22,46,610
Buildings	19,98,93,041	18,22,213	—	20,17,15,254	3,15,83,428	58,19,126	—	3,74,02,554	16,43,12,700	16,83,09,613
Machinery and Equipments	59,79,93,623	12,08,36,987	1,80,651	71,86,49,959	23,83,93,640	5,30,71,135	1,71,619	29,12,93,156	42,73,56,803	35,95,99,983
Furniture, Fixture and Office Equipments	2,58,89,430	1,45,943	—	2,60,35,373	98,91,775	12,17,365	—	1,11,09,140	1,49,26,233	1,59,97,655
Vehicles	1,31,19,527	63,828	4,27,460	1,27,55,895	55,03,877	12,10,949	1,48,303	65,66,523	61,89,372	76,15,650
Sub Total	87,91,42,231	12,28,68,971	6,08,111	1,00,14,03,091	28,53,72,720	6,13,18,575	3,19,922	34,63,71,373	65,50,31,718	59,37,69,511
Previous Period Figures	82,88,14,536	5,19,79,891	16,52,196	87,91,42,231	24,33,15,605	4,29,74,635	9,17,520	28,53,72,720	59,37,69,511	58,54,98,931
Capital Work in Progress										
Building under Construction	--	11,60,030	--	11,60,030	—	—	—	—	11,60,030	--
Machinery under Installation	1,26,73,632	--	68,84,126	57,89,506	—	—	—	—	57,89,506	1,26,73,632
Sub Total	1,26,73,632	11,60,030	68,84,126	69,49,536	—	—	—	—	69,49,536	1,26,73,632
Previous Period Figures	3,41,11,933	22,26,832	2,36,65,133	1,26,73,632	—	—	—	—	1,26,73,632	3,41,11,933
Grand Total	89,18,15,863	12,40,29,001	74,92,237	1,00,83,52,627	28,53,72,720	6,13,18,575	3,19,922	34,63,71,373	66,19,81,254	60,64,43,143
Previous Period Figures	86,29,26,469	5,42,06,723	2,53,17,329	89,18,15,863	24,33,15,605	4,29,74,635	9,17,520	28,53,72,720	60,64,43,143	61,96,10,864

Notes :

- The Company has been allotted land measuring 15 acres situated at C-59, Focal Point, Ludhiana for which title deed, is yet to be executed.
- The staff quarters at Dugri Road, Ludhiana have been allotted in the name of an Ex-Director of the company.

SCHEDULE - VI : INVESTMENTS

	AS AT 31.03.2009 (Rs.)	AS AT 31.03.2008 (Rs.)
A. QUOTED SHARES (AT COST) (LONG TERM) (NON-TRADE)		
Hero Honda Motors Limited 16,25,010 (Previous Year 16,25,010) Equity Shares of Rs. 2/- each fully paid up. [Market Value Rs. 1,73,90,04,452/- (Previous Year Rs. 1,12,15,81,902/-)]	13,00,010	13,00,010
B. UNQUOTED SHARES (AT COST) (LONG TERM) (NON-TRADE)		
Hero Financial Services Limited 1,80,000 (Previous Year 1,80,000) Equity Shares of Rs. 10/- each fully paid up.	18,00,000	18,00,000
C. ASSOCIATION OF PERSONS (NON-TRADE)		
M/s Brijmohan Lall & Associates Capital Account	12,00,000	12,00,000
Current Account	8,96,515	8,00,658
	20,96,515	20,00,658
	51,96,525	51,00,668

MAJESTIC AUTO LIMITED

SCHEDULE - VII : CURRENT ASSETS, LOANS & ADVANCES

	(Rs.)	ASAT 31.03.2009 (Rs.)	ASAT 31.03.2008 (Rs.)
A. CURRENT ASSETS			
INVENTORIES			
(As taken, valued and certified by the management)			
a) Raw Materials and Components	3,42,51,534		4,05,70,911
b) Stores & Spares	1,03,69,510		86,21,971
c) Loose Tools	85,79,626		77,07,766
d) Finished Goods	1,26,19,042		1,28,29,164
e) Work in Process	2,04,78,272		2,93,73,096
f) Scrap	18,33,769		27,86,365
		8,81,31,753	10,18,89,273
SUNDRY DEBTORS			
The Company is fully secured to the extent of of Rs.10,000 (Previous Year Rs.18,000/-) being security deposited by the dealers			
a) Outstanding Over Six Months			
i) Considered Good	11,56,638		1,98,65,295
ii) Considered Doubtful	6,76,79,911		5,28,66,280
	6,88,36,549		7,27,31,575
Less : Provision for Doubtful Debts	6,76,79,911		5,28,66,280
	11,56,638		1,98,65,295
b) Others (Considered Good)	9,59,63,273		9,51,66,779
		9,71,19,911	11,50,32,074
(Debts due by firm / Company in which Director is a Partner / Director)	As at 31.03.2009 Rs. M/s Hero Exports Nil	As at 31.03.2008 Rs. 1,751	
CASH AND BANK BALANCES			
a) Cash & Drafts in Hand	3,09,368		31,48,961
b) Balances with Scheduled Banks			
i) In Current Accounts	1,93,70,077		4,59,902
ii) In Deposit Accounts	22,53,849		1,02,68,873
(Lien mark on sum of Rs. 22,53,849/- Previous year Rs. 1,02,68,873/-)		2,19,33,294	1,38,77,736
B. LOANS AND ADVANCES			
(Unsecured, Considered Good)			
a) Advances recoverable in cash or in kind or for value to be received or pending adjustments	3,15,73,001		3,80,29,753
b) Balances with Central Excise Deptt. / Customs Deptt.	13,59,726		16,05,535
c) Advances paid to Suppliers	32,84,334		14,36,384
d) Advance Tax & TDS (Net of Provisions)	74,49,915		48,42,965
e) MAT credit entitlement	27,00,000		-
		4,63,66,976	4,59,14,637
		25,35,51,934	27,67,13,720

MAJESTIC AUTO LIMITED

SCHEDULE - VIII : CURRENT LIABILITIES & PROVISIONS

	(Rs.)	AS AT 31.03.2009 (Rs.)	AS AT 31.03.2008 (Rs.)
CURRENT LIABILITIES			
Sundry Creditors (For Goods, Services and Expenses)			
i) Outstanding due to Micro Enterprises and Small Enterprises	2,53,54,490		4,57,34,882
ii) Others	<u>11,20,90,483</u>		<u>12,98,71,865</u>
		13,74,44,973	17,56,06,747
Advance from Customers		42,89,927	1,05,49,462
Other Liabilities		<u>3,83,22,524</u>	<u>3,61,98,129</u>
		<u>18,00,57,424</u>	<u>22,23,54,338</u>
PROVISIONS			
For Income Tax	27,00,000		-
For Wealth Tax	7,00,000		7,00,000
For Warranty Claim	-		3,74,664
For Free Service During Warranty	-		1,66,500
For Gratuity	2,66,14,044		2,18,72,726
For Excise Duty on Finished Goods	<u>11,40,054</u>		<u>21,96,890</u>
		3,11,54,098	2,53,10,780
		<u>21,12,11,522</u>	<u>24,76,65,118</u>

SCHEDULE - IX TO XII ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE - IX : OPERATIONAL INCOME

	YEAR ENDED 31.03.2009 (Rs.)	YEAR ENDED 31.03.2008 (Rs.)
Domestic Sales	1,22,54,22,154	1,18,26,46,282
Export Sales	4,29,095	5,36,31,769
Export Incentive	-	45,99,261
Job Charges Received	10,36,23,013	4,95,97,877
	<u>1,32,94,74,262</u>	<u>1,29,04,75,189</u>

SCHEDULE - X : OTHER INCOME

	YEAR ENDED 31.03.2009 (Rs.)	YEAR ENDED 31.03.2008 (Rs.)
Profit From Investment in AOP (NON-TRADE) (Long Term) [From M/s Brijmohan Lall & Associates]	95,857	90,324
Dividend Received (On Long Term Quoted Investments) (NON-TRADE)	3,08,75,190	2,76,25,170
Rent Received on assets leased prior to 1.4.2001 [T.D.S.Rs.Nil previous Year Rs.Nil]	60,000	60,500
Profit on Sale of Fixed Assets	1,40,967	26,685
Interest Received on Deposits, Loans & Refunds, (Gross) [T.D.S.Rs.66791/-previous Year Rs.69,205/-]	3,36,831	20,31,515
Miscellaneous Income	1,29,78,477	1,70,80,890
Foreign Exchange Fluctuation	47,20,581	3,66,252
	<u>4,92,07,903</u>	<u>4,72,81,336</u>

MAJESTIC AUTO LIMITED

SCHEDULE - XI : MANUFACTURING AND OTHER EXPENSES

		YEAR ENDED 31.03.2009 (Rs.)	YEAR ENDED 31.03.2008 (Rs.)
RAW MATERIAL & COMPONENTS CONSUMED		70,37,09,574	74,65,45,770
PURCHASES OF TRADING ITEMS		2,12,52,815	3,00,49,864
VARIATION IN STOCK			
Opening Stock			
Finished Goods	1,28,29,164		1,19,43,573
Work-in-Process	2,93,73,096		3,31,67,236
Scrap	27,86,365		10,21,000
	<u>4,49,88,625</u>		<u>4,61,31,809</u>
Closing Stock			
Finished Goods	1,26,19,042		1,28,29,164
Work-in-Process	2,04,78,272		2,93,73,096
Scrap	18,33,769		27,86,365
	<u>3,49,31,083</u>		<u>4,49,88,625</u>
		1,00,57,542	11,43,184
MANUFACTURING EXPENSES			
Stores and Spares Consumed	2,53,51,489		60,16,532
Power and Fuel	5,18,00,580		4,24,43,015
Research and Development Expenses	13,823		1,84,158
Machinery Rent	-		1,20,000
Excise Duty on Finished Goods(Net)	<u>-10,56,836</u>		<u>3,41,183</u>
		7,61,09,056	4,91,04,888
PAYMENT TO AND PROVISIONS FOR EMPLOYEES			
Salaries,Wages,Bonus and Allowances	10,64,67,935		10,25,55,647
Contribution to Provident and Other Funds	1,56,63,965		3,00,76,799
Staff Welfare	<u>14,79,342</u>		<u>16,47,340</u>
		12,36,11,242	13,42,79,786
ADMINISTRATIVE EXPENSES			
Rent (Including rent paid on assets leased prior to 1.4.2001)	6,000		7,05,194
Rates and Taxes	10,35,602		9,52,405
Repairs and Maintenance			
-Buildings	9,81,056		7,55,614
-Plant & Machineries	2,26,54,641		1,55,95,336
-Others	33,17,096		32,58,836
Insurance	32,93,542		58,37,171
Travelling Expenses	26,29,389		40,83,592
Miscellaneous Expenses	1,39,58,933		1,31,99,633
Loss on Assets Sold / Written off	<u>1,59,157</u>		<u>70,869</u>
		4,80,35,416	4,44,58,650
SELLING EXPENSES			
Rebate & Discount	15,62,662		44,17,312
Warranty Claims	-		-13,31,493
Sales Promotion	4,13,427		5,70,350
Packing & Forwarding	3,92,03,078		3,30,52,414
Cash Incentive	1,60,145		1,90,634
Advertisement & Publicity Expenses	4,37,814		11,36,997
Commission to Sole Selling Agents	-		30,868
Commission to other Selling Agents	-		9,43,089
Other Selling Expenses	2,36,539		7,18,286
Provision for Doubtful Debts	<u>1,75,07,134</u>		<u>57,13,761</u>
		5,95,20,799	4,54,42,218
		1,04,22,96,444	1,05,10,24,360

MAJESTIC AUTO LIMITED

SCHEDULE - XII : FINANCIAL EXPENSES

	YEAR ENDED 31.03.2009 (Rs.)	YEAR ENDED 31.03.2008 (Rs.)
Interest on Debentures	-	35,527
Interest to Banks & Financial Institutions on Term Loans	87,49,427	1,36,09,162
Interest Paid to Banks on Working Capital Loans	59,89,590	87,15,700
Other Interest & Charges	2,49,65,236	2,05,12,144
(Including Bank & Commitment Charges)	<u>3,97,04,253</u>	<u>4,28,72,533</u>

SCHEDULE - XIII : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNT

(A) SIGNIFICANT ACCOUNTING POLICIES

I) ACCOUNTING CONVENTIONS

The financial statements are prepared under the historical cost convention on accrual basis and in accordance with the Accounting Standards issued under the Companies (Accounting Standards) Rules, 2006 and the relevant presentational requirements of the Companies Act, 1956.

II) FIXED ASSETS AND DEPRECIATION

- Fixed assets including intangible assets are stated at cost net of cenvat, less accumulated depreciation and / or impairment loss, if any. All costs till commencement of commercial production and adjustment arising from exchange rate variations relating to borrowings attributable to the fixed assets are capitalized.
- Depreciation on fixed assets including intangible assets has been provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

III) INVESTMENTS

Long term investments are stated at cost. Provision for diminution in value of long term investments is made only if such decline is not temporary in the opinion of the management.

IV) INVENTORIES

- Finished goods are valued at lower of cost or net realizable value. Cost is considered at material cost on monthly moving weighted average basis plus appropriate overheads.
- Work in progress is valued at material cost on monthly moving weighted average basis plus appropriate overheads.
- Scrap is valued at net realisable value.
- Other inventories are valued at cost on monthly moving weighted average basis.
- The liability of excise duty on finished goods and scrap lying in the factory at year end is estimated on the basis of sales price of goods and excise rates prevailing on the said date, while determining the cost of closing stock of finished goods and scrap.

V) RETIREMENT BENEFITS

Superannuation, Provident and Gratuity Funds are accounted for on accrual basis with corresponding payments to recognized scheme/fund. Short term employees benefits are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which the related services rendered. The liability for gratuity (in the nature of a defined benefit obligation) is provided on the basis of actuarial valuation conducted by Life Insurance Company of India (LIC), since the gratuity scheme of the company is covered under a group gratuity cum life assurance cash accumulation policy of the LIC.

VI) SALES

Sales are accounted for on the basis of date of despatch except for export sales which are booked on the basis of date of custom clearance.

VII) GOVERNMENT GRANTS

Government grant of the nature of promoters' contribution is credited to capital reserve at the time of receipt.

MAJESTIC AUTO LIMITED

VIII) FOREIGN EXCHANGE TRANSACTIONS

- a) Transactions in foreign currencies are accounted for at the exchange rate prevailing at the date of transaction/ negotiations.
- b) Monetary foreign currencies items outstanding at the year end are restated into rupees at the rate of exchange prevailing on the Balance Sheet date.
- c) Non monetary foreign currency items are carried at cost.
- d) Any income or expenses on account of exchange difference either on settlement or on transaction is recognised in the profit and loss account, except in cases where they relate to fixed assets in which they are adjusted in the carrying cost of such assets.
- e) In respect of forward contracts, forward premium or discount arising at the inception of forward contract is amortized over the life of contract. Exchange differences on such contracts are recognized in the profit and loss account in the year in which exchange rates change. Any profit and loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

IX) BORROWING COSTS

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of cost of such assets. Qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are charged to revenue.

X) TAXATION

The provision for current income tax liability is ascertained on the basis of assessable profits computed in accordance with the provisions of Income Tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of being reversed in one or more subsequent periods.

The provision for Fringe Benefit Tax is ascertained on the basis of Fringe Benefits assessable value as per the provisions of the Income Tax Act, 1961.

XI) CONTINGENCIES

Contingent liabilities arising from claims, litigation, assessments, fines, penalties etc. are provided when it is probable that the contingency will result in the loss and reasonable estimate of the amount of the resulting loss can be made. Liabilities which are material and whose future outcome can not be ascertained with reasonable certainty are treated as contingent liabilities and disclosed by way of notes to account.

XII) ACCOUNTING FOR LEASES

Lease payments under operating lease have been charged to profit and loss account as expense on straight line basis over the lease term.

XIII) SEGMENT REPORTING

- a) The Company has disclosed business segment as the primary segment for disclosure. The Company has identified five separate segments i.e. Motorised Two Wheelers, Fine Blanking Components, Mufflers, Spokes and Electricals. The Segments are identified with regard to the dominant source, nature of risks and returns, internal organisation and management structure and internal reporting systems.
- b) The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.
- c) Segment revenues, Results and Capital employed figures include the respective amounts identifiable to each of the segments. Interest and other financial charges/ incomes are reported at corporate level. Also those assets and liabilities which are not identifiable to the individual segments are reported at corporate level.
- d) The inter segmental revenue is accounted for on the basis of transfer price agreed to amongst segments as per market trend.

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XIV) IMPAIRMENT LOSS

An impairment loss is recognized when the carrying amount of fixed assets exceeds its recoverable amount. The recoverable amount of an asset is lower of net selling price and its value in use.

(B) NOTES TO ACCOUNTS

1. CONTINGENT LIABILITIES

	Year ended 31.03.2009 (Rs. in lacs)	Year ended 31.03.2008 (Rs. in lacs)
i) Bank Guarantee/Margin Money Guarantee	203.00	153.00
ii) Penalty u/s 51(7) (b) of Punjab Value Added Tax Act, 2005 of Rs. 2,20,057/- (Previous year Rs.2,20,057/-) was disputed by the Company for which appeal has been filed with Dy. Excise & Taxation Commissioner (Appeals), Patiala.		
iii) Penalty under U.P. Trade Tax of Rs. 1,98,108/- (previous year of Rs. 1,98,108/-) was disputed by the Company for which appeal has been filed with Assistant Commissioner (Appeals), U.P. Trade Tax Act, Noida.		
2. Excise duty/ Sale Tax paid under protest amounting to Rs. 2.01 lacs (Previous Year Rs. 1.79 lacs) is appearing under the head amounts recoverable.		
3. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.43.53 Lacs (Previous Year Rs.632.50 lacs) against which a sum of Rs.13.43 lacs (Previous Year Rs.Nil) has been paid as advance.		
4. The Company is a member of M/s Brij Mohan Lall & Associates (AOP), whose constitution as at 31.03.2009 is as under:		

Sl.No. Name of the Members

Profit Sharing Ratio

1. M/s Satyanand & Sons (HUF)	20%
2. M/s Brij Mohan Lall & Sons (HUF)	20%
3. Mr. Naveen Munjal	20%
4. Majestic Auto Limited	20%
5. Mr. Pankaj Munjal	20%

The Company has contributed Rs.12,00,000/- as fixed capital and balance of Rs. 8,96,515/- (Previous Year Rs. 8,00,658/-) is in the current account with the above AOP.

5. In the opinion of management, current assets have a value on realization in the ordinary course of business at least equal to the value at which they are stated in the foregoing Balance Sheet.
6. (a) The Company has not made the computation of net profits for the purpose of directors' remuneration under Section 349 of the Companies Act, 1956 as no commission has been paid to the directors as per Schedule XIII to the Companies Act, 1956.

(b) Director's Remuneration

	Year ended 31.03.2009 (Rs.)	Year ended 31.03.2008 (Rs.)
i) Salaries	20,81,935	18,41,935
ii) Contribution to P.F. & Superannuation Fund	2,66,332	4,05,226
iii) Perquisites	15,01,573	17,57,891
iv) Director Meeting Expenses	2,77,500	2,25,000
Total	41,27,340	42,30,052

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7. Payment to Auditors (Net of Service Tax)	Year ended 31.03.2009 (Rs.)	Year ended 31.03.2008 (Rs.)
i) Audit fees	56,250	56,250
ii) Tax Audit Fees	18,750	18,750
iii) For Taxation matters	75,000	75,000
iv) Others	15,000	15,000
	1,65,000	1,65,000
8. There are no Loans and Advances in the nature of Loans given to Subsidiaries/Associates/Firms and Companies in which directors are interested.		
9. Previous year's figures have been regrouped/rearranged wherever considered necessary. Figures have been rounded off to the nearest rupee.		
10. Borrowing cost capitalised during the current year Rs. Nil (previous year Rs. Nil)		
11. Earning per share	Year ended 31.3.2009	Year ended 31.03.2008
Profit after taxation as per Profit and Loss Account after prior period adjustment	4,53,67,354	1,66,66,506
i) Weighted average number of equity share outstanding	1,03,97,478	1,03,97,478
ii) Basic and Diluted earning per share in Rs. (face value Rs.10 per share)	4.36	1.60
12. In March 2009, Ministry of Corporate Affairs issued a notification amending Accounting Standard-11 (AS-11), The effects of changes in foreign exchange rates. Before the amendment, AS-11 required the exchange gain/losses on the long term foreign currency monetary asset/liability to be charged off fully in the Profit & Loss Account. The amended AS-11 provides an irrevocable option to the Company to amortise exchange rate fluctuation on long term foreign currency monetary asset/liability over the life of the asset/liability or March 31,2011, whichever is earlier. The amendment is applicable retroactively from the financial year beginning on or after December 7, 2006. The Company has elected not to exercise the option.		
13. The Board of Directors in its meeting held on 27 th January, 2009 has taken a decision to discontinue the manufacturing of Mopeds and Health Equipments. The Company will continue to use the assets relating to these business activities for manufacturing of Spare Parts and for its other business activities.		
14. There are no forward covers outstanding as on 31.03.2009. Foreign Currency Exposure that are not hedged by forward contracts as at the end of the year are:	Year ended 31.03.2009 (Rs.)	Year ended 31.03.2008 (Rs.)
Creditors	US\$ Nil	US\$ Nil
Debtors	US\$ 1,29,092	US\$ 1,29,092
15. The Components of Deferred Tax Assets / Liabilities (Net) are as under :	As on 31.03.2009 Rs.	As on 31.03.2008 Rs.
Deferred Tax Assets		
i) Expenditure debited to Profit and Loss Account/other disallowances allowed for tax purposes in the subsequent year(s)	1,03,79,129	67,58,672
ii) Provision for doubtful debts and deposits	2,30,04,401	1,63,35,681
iii) Unabsorbed Business Loss and Depreciation	3,50,87,027	3,98,30,527
	6,84,70,557	6,29,24,880
Deferred Tax Liabilities		
Related to fixed assets	7,44,55,632	6,17,05,141
Net deferred tax assets/(liabilities)	(59,85,075)	12,19,739
16. The sales of Mopeds and Health Equipments are covered by free service during warranty and also covered by warranty		

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period of one year and the details of provisions as per Accounting Standard 29 are as under:

Disclosure of Provisions as per Accounting Standard 29

Nature	Carrying Amount as at 1.04.2008 (Rs. in lacs)	Provisions made during the Year (Rs. in lacs)	Amount used/written back during the Year (Rs. in lacs)	Carrying amount as at 31.03.2009 (Rs. in lacs)
Warranty Claims	3.75	-	3.75	-
Free Service during warranty	1.66	-	1.66	-

17. Assets taken on Operative Lease

a)	The total of future minimum lease payments under non-cancelable operating leases for each of the following Periods:	Year ended 31.3.2009 (Rs. in lacs)	Year ended 31.3.2008 (Rs. in lacs)
i)	Not later than one year	-	-
ii)	Later than one year and not later than five years	-	-
iii)	Later than five years	-	-
b)	Lease payments recognised in the statement of profit and loss for the year with separate amounts for :		
i)	Minimum lease payments	-	6.99
ii)	Contingent rents	-	-
c)	Sub lease payments received (or receivable) recognised in the Statement of profit and loss for the year	N.A.	N.A.

The lease agreement has expired on 7.12.2007.

18. During the year the Company has received capital subsidy of Rs. 30 lacs which is in the nature of promoters' contribution and the same has been credited to capital reserve.

19. Related party disclosure under Accounting Standard 18

- Enterprises which has significant influence over the Company : Hero Cycles Ltd
- Enterprises in which the Company has significant influence : M/s. Brij Mohan Lall & Associates
- Key Management Personnel : Mr. Mahesh Chander Munjal
Managing Director
- Enterprises over which key management personnel and their relatives are able to exercise significant influence :
Munjal Showa Ltd. Highway Industries Ltd.
M/s Amar Udyog. Munjal Auto Ind. Ltd.
- Employee welfare trust where there is control :
i) Majestic Auto Ltd. - Employee Gratuity Fund
ii) Majestic Auto Ltd. - Superannuation Fund

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Transactions with related parties during the year ended 31.03.2009 (Previous Year ended 31.03.2008) :

(Rs. in Lacs)

Particulars	Enterprises which has significant influence over the Company		Enterprises in which the Company has significant influence		Key Management personnel		Enterprises over which key management personnel & their relatives are able to exercise significant influences		Employees welfare trust where there is control	
	Year Ended 31.3.2009	Year Ended 31.03.2008	Year Ended 31.3.2009	Year Ended 31.03.2008	Year Ended 31.3.2009	Year Ended 31.03.2008	Year Ended 31.3.2009	Year Ended 31.03.2008	Year Ended 31.3.2009	Year Ended 31.03.2008
1. Purchase of goods										
Hero Cycles Ltd.	1333.96	1190.27	-	-	-	-	-	-	-	-
Munjai Showa Ltd.	-	-	-	-	-	-	6.39	34.42	-	-
M/s Amar Udyog	-	-	-	-	-	-	152.80	106.45	-	-
Others	-	-	-	-	-	-	1.28	4.12	-	-
2. Sale of goods										
Hero Cycles Ltd.	1401.66	1745.66	-	-	-	-	-	-	-	-
Munjai Showa Ltd.	-	-	-	-	-	-	19.89	21.9	-	-
3. Rent Received	0.30	0.30	-	-	-	-	-	-	-	-
4. Rent Paid										
Hero Cycles Ltd.	0.06	0.06	-	-	-	-	-	-	-	-
Highway Industries Ltd.	-	-	-	-	-	-	-	1.20	-	-
5. Royalty Paid	-	0.44	-	-	-	-	-	-	-	-
6. Interest Paid										
M.C. Munjal	-	-	-	-	-	8.33	-	-	-	-
Hero Cycles Ltd.	53.75	11.18	-	-	-	-	-	-	-	-
7. Loan Repaid										
Hero Cycle Ltd	250	-	-	-	-	-	-	-	-	-
8. Loan Received										
M.C. Munjal	-	-	-	-	-	1000	-	-	-	-
Hero Cycles Ltd.	250	500	-	-	-	-	-	-	-	-
9. Bal. Out Standings										
M.C. Munjal	-	-	-	-	1000	1007	-	-	-	-
Hero Cycles Ltd.	500	500	-	-	-	-	-	-	-	-
10. Profit										
M/s Brij Mohan Lall & Associates	-	-	0.96	0.90	-	-	-	-	-	-
11. Remuneration Paid										
M.C. Munjal	-	-	-	-	38.50	40.05	-	-	-	-
12. Superannuation										
Majestic Auto Ltd. Superannuation Fund	-	-	-	-	-	-	-	-	1.40	5.85
13. Gratuity										
Majestic Auto Ltd. Employees Gratuity Fund	-	-	-	-	-	-	-	-	-	40.95
14. Receivable										
Hero Cycles Ltd.	116.54	133.99	-	-	-	-	-	-	-	-
M/s Brij Mohan Lall & Ass.	-	-	20.97	20.01	-	-	-	-	-	-
Munjai Showa Ltd.	-	-	-	-	-	-	3.16	1.84	-	-
15. Payable										
Hero Cycles Ltd.	232.22	241.38	-	-	-	-	-	-	-	-
Munjai Showa Ltd.	-	-	-	-	-	-	1.03	9.12	-	-
M/s Amar Udyog	-	-	-	-	-	-	48.51	18.52	-	-
Others	-	-	-	-	-	-	0.04	(0.02)	-	-

Note: No amount has been provided as doubtful debts or advances / written off or written back in the year in respects of debts due from / to above related parties.

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20. SEGMENT DISCLOSURE

(A) Business Segment

(Rs. in Lacs)

		Year Ended 31.03.2009								Year Ended 31.03.2008							
		Motor- ised Two Wheelers	Fine Blanking Components	Mufflers	Electricals	Spok- es	Other Oper- ation	Elimina- tions	Consoli- dated	Motor- ised Two Wheelers	Fine Blanking Components	Mufflers	Electricals	Spok- es	Other Oper- ation	Elimina- tions	Consoli- dated
1	SEGMENT REVENUE																
	Net Sales / Income																
	from operations	391	1160	6523	1717	1347	349	-	11487	1536	886	5333	923	1621	734	-	11033
	Less: Inter segment Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	NET SALES/ INCOME																
	FROM OPERATIONS	391	1160	6523	1717	1347	349	-	11487	1536	886	5333	923	1621	734	-	11033
2	SEGMENT RESULTS																
	Profit before Tax,																
	Interest & Other Income	-126	179	206	169	58	31	-	517	-52	96	124	51	-10	6	-	215
	Total	-126	179	206	169	58	31	-	517	-52	96	124	51	-10	6	-	215
	Less: i) Interest	-	-	-	-	-	-	-	308	-	-	-	-	-	-	-	337
	ii) Other unallocable expenditure																
	Net of unallocable income	-	-	-	-	-	-	-	-338	-	-	-	-	-	-	-	-259
	Total Profit before tax	-126	179	206	169	58	31	-	546	-52	96	124	51	-10	6	-	137
	Provision for Taxation	-	-	-	-	-	-	-	89	-	-	-	-	-	-	-	-34
	Profit after tax	-126	179	206	169	58	31	-	457	-52	96	124	51	-10	6	-	171
3	OTHER INFORMATION																
	Segment Assets-Fixed / Current																
	Assets/Investments	256	2547	2000	2882	573	174	-	8432	1092	1486	1805	2501	842	367	-	8093
	Unallocated Corporate Asset	-	-	-	-	-	-	-	775	-	-	-	-	-	-	-	790
	TOTAL ASSETS	256	2547	2000	2882	573	174	-	9207	1092	1486	1805	2501	842	367	-	8883
	Segment Liabilities-Term/																
	Current Liabilities	183	1386	2971	601	547	156	-	5844	1607	812	1340	104	1541	699	-	6103
	Unallocated Corporate Liabilities	-	-	-	-	-	-	-	28	-	-	-	-	-	-	-	-
	TOTAL LIABILITIES	183	1386	2971	601	547	156	-	5872	1607	812	1340	104	1541	699	-	6103
4	CAPITAL EXPENDITURE FOR THE YEAR	-	813	54	275	-	29	-	1171	32	48	25	200	-	-	-	305
5	DEPRECIATION FOR THE YEAR	18	172	78	251	62	32	-	613	51	105	75	138	31	30	-	430
6	OTHER NON CASH EXPENDITURE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(B) Geographical Segment

(Rs. in Lacs)

		Current Accounting Year ended 31.03.09	Previous Accounting Year ended 31.03.08
1	Sales / Income from operations		
	India	11483	10497
	Other Asian Countries	-	33
	Europe	3	327
	America	-	2
	Others	1	174
	Total	11487	11033
2	Debtors		
	India	1582	1624
	America	66	55
	Total	1648	1679

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21. Details of dues to Micro Enterprises and Small Enterprises :

(Rs. In Lacs)

Sl. No.	Particulars	As on 31.03.2009	As on 31.03.2008
a)	The principle amount and interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year.	254	457
b)	The amount of interest paid by the buyer in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	—	—
c)	The amount of interest due and payable for the period of delay in making payment (which have been but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	—	—
d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	—	—
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date, when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	—	—

22. GRATUITY PLANS :

The company has a defined benefit gratuity plan. The gratuity scheme of company is covered under a group gratuity cum Life Assurance cash accumulation policy offered by LIC of India. The funding to the scheme is done through an approved gratuity trust. Every employee who has completed a minimum five years service is entitled to gratuity based on fifteen days last drawn salary for every completed year of service subject to a maximum of Rs. 3,50,000/-. The disclosures as required pursuant to the Revised Accounting Standard -15 is as under:-

	Year ended 31.03.2009 (Rs.)	Year ended 31.03.2008 (Rs.)
Net Employee Benefit Expense recognized in the Profit and Loss Account		
Current service cost	20,96,555	20,01,606
Add : Interest cost on present value of defined benefit obligation as at the beginning of the year	17,49,818	16,60,572
Less : Expected return on plan assets	13,87,635	12,64,904
Add : Net actuarial loss recognized in the year	22,82,580	1,68,67,460
Add : Past service cost	—	—
Net Gratuity Cost	47,41,318	1,92,64,734
Details of Provision for gratuity recognized in the Balance Sheet		
Present value of defined benefit obligation at the end of year	4,03,93,751	3,72,90,895
Less : Unrecognized past service cost	—	—
Less : Fair value of plan assets at the end of year	1,37,79,707	1,54,18,169
Funded Status-Net Liability/(Asset)	2,66,14,044	2,18,72,726
Changes in the present value of the defined benefit obligation are as follows		
Opening defined benefit obligation	3,72,90,895	2,07,57,156
Add : Interest cost	17,49,818	16,60,572
Add : Current service cost	20,96,555	20,01,606
Less : Benefits paid	29,15,435	39,58,505
Add : Actuarial loss on obligation	21,71,918	1,68,30,066
Closing defined benefit obligation	4,03,93,751	3,72,90,895

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Changes in the fair value of plan assets are as follows

Opening fair value of plan assets	1,54,18,169	1,40,54,486
Add : Expected return on plan assets	13,87,635	12,64,904
Add : Contributions by employer	-	40,94,678
Less : Benefits paid	29,15,435	39,58,505
Less : Actuarial loss	1,10,662	37,394
Closing fair value of plan assets	1,37,79,707	1,54,18,169
Actual Return on Plan Assets		
Expected Return on Plan Assets	13,87,635	12,64,904
Add: Actuarial gain/(loss) on Plan Assets	(1,10,662)	(37,394)
Actual Return on Plan Assets	12,76,973	12,27,510

* The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation. The gratuity scheme contribution is invested in a group gratuity -cum-life assurance cash accumulation policy offered by LIC of India. The expected return on plan assets is taken on the basis of the LIC fund statement received.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Insurer Managed fund through Approved Trust	%
	100

The principal assumptions used in determining gratuity are shown below:

Discount rate	%
Expected rate of return on Plan assets	8
Salary escalation	9
Mortality rate	7
Employee turnover:-	LIC (1994-96) ULTIMATE
Upto 30 years	3
Upto 44 years	2
Above 44 years	1
Method of Valuation	Projected Unit Credit

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

SUPERANNUATION BENEFIT

Apart from being covered under the Gratuity Plan, certain employees of the Company participate in a Superannuation Benefit; a defined contribution plan administrated by Life Insurance Corporation ("LIC"). The Company makes contributions based on a specified percentages of salary of each covered employee. The Company does not have any further obligation to the superannuation plan beyond making such contributions. Upon retirement or separation (only after completion of 5 years of services) an employee becomes entitled for superannuation benefit, as determined by LIC, which is paid directly to the concerned employee. The Company contributed Rs. 1,40,114/- and Rs.5,85,396/- to the Superannuation Plan during the year ended March 31, 2009 and March 31, 2008 respectively.

23. Information pursuant to the provisions of paragraph 3, 4C, 4D, of Part-II of Schedule VI of the Companies Act, 1956 as far as Practicable.

A. Details of Capacity and Production :

Item	Unit	Licenced Capacity		Installed Capacity		Actual Production	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
i) Spokes with							
Nipples & Washers	Nos.	-	-	2,938 lacs	2,938 Lacs	2,174.97 Lacs	2,685.96 Lacs
ii) Motorised two wheelers upto 350 C.C.	Nos.	1,10,000	1,10,000	70,000	70,000	13	8,361
iii) Exercisers	Nos.	50,000	50,000	50,000	50,000	6	2,459
iv) Mufflers	Nos.	-	-	12,00,000	12,00,000	10,97,591	9,17,221
v) Fine blanking comp.	Nos.	-	-	2,82,00,000	2,16,00,000	1,48,34,858	1,77,45,667
vi) Electricals	Assorted	-	-	22,92,000	22,92,000	10,00,000	8,00,000

1. Installed capacity is as certified by the Management and relied on by the Auditors being a technical matter.
2. Production includes 13 Motorised two wheelers (Previous year 42) returned from parties.

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B. Particulars in respect of opening stock, closing stock and sale of goods produced by the Company.

Class of Goods	Unit	Upto	Opening Stock		Qty.	Sales		Closing Stock	
			Qty.	Value (Rs.)		Qty.	Value (Rs.)	Qty.	Value (Rs.)
i) Spokes with Nipples & Washers	Lacs	31.3.2009	11.38	5,69,187	2,168.61	14,01,13,967		17.74	9,74,378
	Nos.	31.3.2008	35.40	14,42,521	2,709.98	16,85,82,859		11.38	5,69,187
ii) Motorised two wheelers upto 350 C.C.	Nos.	31.3.2009	27	4,26,696	40	4,29,60,765		-	-
		31.3.2008	112	17,00,369	8,446	16,89,73,494		27	4,26,696
iii) Exercisers	Nos.	31.3.2009	3	8,679	6	1,29,438		3	7,989
		31.3.2008	77	1,99,403	2,533	83,42,060		3	8,679
iv) Mufflers	Nos.	31.3.2009	14,838	79,75,906	10,99,549	77,77,15,184		12,880	61,58,202
		31.3.2008	13,260	67,35,668	9,15,643	65,38,65,658		14,838	79,75,906
v) Fine Blanking components	Nos.	31.3.2009	2,74,486	24,84,631	1,45,96,135	12,19,95,506		5,13,209	51,43,136
		31.3.2008	1,35,200	14,62,225	1,76,06,381	10,61,70,658		2,74,486	24,84,631
vi) Electricals	Assorted	31.3.2009	-	-	10,00,000	7,58,06,031		-	-
		31.3.2008	-	-	8,00,000	2,50,93,589		-	-
vii) Others	Lot	31.3.2009	-	1,23,212	-	3,86,53,030		-	3,35,337
		31.3.2008	-	4,03,387	-	7,82,62,001		-	1,23,212
viii) Job Charges Received		31.3.2009	-	-	-	10,36,23,013		-	-
		31.3.2008	-	-	-	4,95,97,877		-	-
Total		31.3.2009		1,15,88,311		1,30,09,96,934			1,26,19,042
		31.3.2008		1,19,43,573		1,25,88,88,196			1,15,88,311

1. Sales of Motorised two wheelers includes Nil (Previous Year 6) scrapped during the year.
2. Sales of Exercisers includes Nil (Previous Year 16) sent on FOC.

C. Particulars in respect of traded goods (Gross)

Class of Goods	Unit	Up to	Opening Stock		Qty.	Purchases		Qty.	Sales		Closing Stock	
			Qty.	Value (Rs.)		Qty.	Value (Rs.)		Qty.	Value (Rs.)	Qty.	Value (Rs.)
i) Rims (Mopeds)	Nos.	31.3.2009	-	-	-	-	-	-	-	-	-	-
		31.3.2008	-	-	5,586	24,13,091		5,586	24,31,362		-	-
ii) Electricals (Aluminum)	M.T.	31.3.2009	-	-	184	2,48,40,354		184	2,66,02,590		-	-
		31.3.2008	-	-	166	2,48,25,041		166	2,73,64,008		-	-
iii) Mango Pulp		31.3.2009	2,686	12,40,853	-	-		2,686	15,56,498		-	-
		31.3.2008	-	-	6,086	28,11,732		3,400	17,91,623	2686	12,40,853	
iv) Carrot Preserve		31.3.2009	-	-	850	3,09,400		850	3,18,240	-	-	
		31.3.2008	-	-	-	-		-	-	-	-	
Total		31.3.2009		12,40,853		2,51,49,754			2,84,77,328		-	
		31.3.2008		-		3,00,49,864			3,15,86,993		12,40,853	

D. Analysis of Raw Material and Components consumed (On Derived Method).

Class of Goods	Unit	2008-2009		Unit	2007-2008	
		Qty.	Value (Rs.)		Qty.	Value (Rs.)
i) Steel Wire	M.T.	1,493.8	9,39,27,599	M.T.	1,952.8	10,18,34,673
ii) Raw Materials & Components	Assorted		50,39,97,023	Assorted		47,17,36,884
iii) Paints and Chemicals	Assorted		3,09,09,476	Assorted		3,25,71,666
iv) Plating Material	Assorted		7,48,75,476	Assorted		14,04,02,547
Total			70,37,09,574			74,65,45,770

E. Value of Raw Material and Components consumed.

Class of Goods	Classification	2008-2009		2007-2008	
		%	Value (Rs.)	%	Value (Rs.)
Raw Materials and Components	Imported	5.64	3,96,67,744	4.77	3,56,39,799
	Indigenous	94.36	66,40,41,830	95.23	71,09,05,971
Total		100	70,37,09,574	100	74,65,45,770

MAJESTIC AUTO LIMITED

F. Value of Imports on CIF Basis.

	2008-2009 (Rs.)	2007-2008 (Rs.)
Raw Material	3,64,16,844	2,57,24,215
Spare Parts & Components	18,32,759	1,25,63,330
Capital Goods	6,05,77,140	48,64,249
Others	36,14,002	34,30,877
	<u>10,24,40,745</u>	<u>4,65,82,671</u>

G. Expenditure in Foreign Currency

	2008-2009 (Rs.)	2007-2008 (Rs.)
Interest	15,57,431	-
Others	40,62,326	10,48,792
	<u>56,19,757</u>	<u>10,48,792</u>

H. Foreign Currency Earnings

	2008-2009 (Rs.)	2007-2008 (Rs.)
Export of Goods on FOB basis	4,29,095	5,36,31,769

24. The Information pursuant to Part IV of Schedule VI to the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.	CIN-L35911PB1973PLC003264	State Code	16
Balance Sheet Date	Date Month Year 31 03 2009		

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue	Right Issue	Bonus Issue	Private Placement
NIL	NIL	NIL	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

SOURCES OF FUNDS	Total Liabilities	Total Assets		
	9,20,730	9,20,730		
APPLICATION OF FUNDS	Paid-up Capital	Reserves & Surplus	Secured Loans	Unsecured Loans
	1,03,982	2,29,560*	1,17,754	2,58,222
	Net Fixed Assets	Investments	Net Current Assets	Misc. Expenditure
	6,61,981	5,197	42,340	-
	Accumulated Losses			
	-			

*Includes deferred tax liabilities (Net) at Rs. 5,985 Thousands

IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover Including other income	Total Expenditure	Profit Before Tax
11,97,875	11,43,319	54,556
Profit After Tax	Earning per Share in Rs.	Dividend Rate %
45,651	4.36	NIL

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (As per Monetary Terms)

Item Code No. (ITC Code)	:	8714
Product Description	:	PART AND ACCESSORIES OF MOTOR CYCLE (INCLUDING MOPEDS) & BICYCLE
Item Code No. (ITC Code)	:	8536
Product Description	:	ELECTRICALS APPARATUS

AS PER OUR AUDIT REPORT
OF EVEN DATE ANNEXED
For and on behalf of B.D. Bansal & Co.
Chartered Accountants

Place : Ludhiana
Date : 27.05.2009

Rajesh Kumar Dang
Associate Vice President (Finance)
Cum-Company Secretary

Mahesh Chander Munjal
Managing Director

O. P. Munjal
Chairman

(Satish Kumar Bansal)
Partner
Membership No. 80324

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MAJESTIC AUTO LIMITED

Registered Office : C-48, Focal Point, Ludhiana - 141 010

ATTENDANCE SLIP

(Please complete this Attendance Slip and hand it over at entrance of the Meeting Hall)

I/We hereby record my/our presence at the Annual General Meeting being held on Tuesday, the 22nd day of September, 2009 at 12.30 P. M. at the premises of Hero Cycles Limited, Hero Nagar, G.T. Road, Ludhiana - 141 003.

Name of the Shareholder/Proxy _____ Folio No. _____

Address _____

No. of Shares Held _____

Signature of Shareholder / Proxy*

*Strike out whichever is not applicable

MAJESTIC AUTO LIMITED

Registered Office : C-48, Focal Point, Ludhiana - 141 010.

PROXY FORM

I / We _____

of _____ being a member / members of Majestic Auto

Limited hereby appoint Shri / Smt. _____

of _____

or failing him / her _____

of _____

as my / our proxy to attend and vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on Tuesday, the 22nd day of September, 2009 at 12.30 P. M. at the premises of Hero Cycles Limited, Hero Nagar, G.T. Road, Ludhiana - 141 003.

Signed this _____ day of _____ 2009

Signature _____

Address _____

Folio No. _____

Affix
Revenue
Stamp here

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll instead of himself/herself.
2. The proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

BOOK POST
(PRINTED MATTER)



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MAJESTIC AUTO LIMITED

Regd. Office : C-48, Focal Point,
Ludhiana - 141 010.